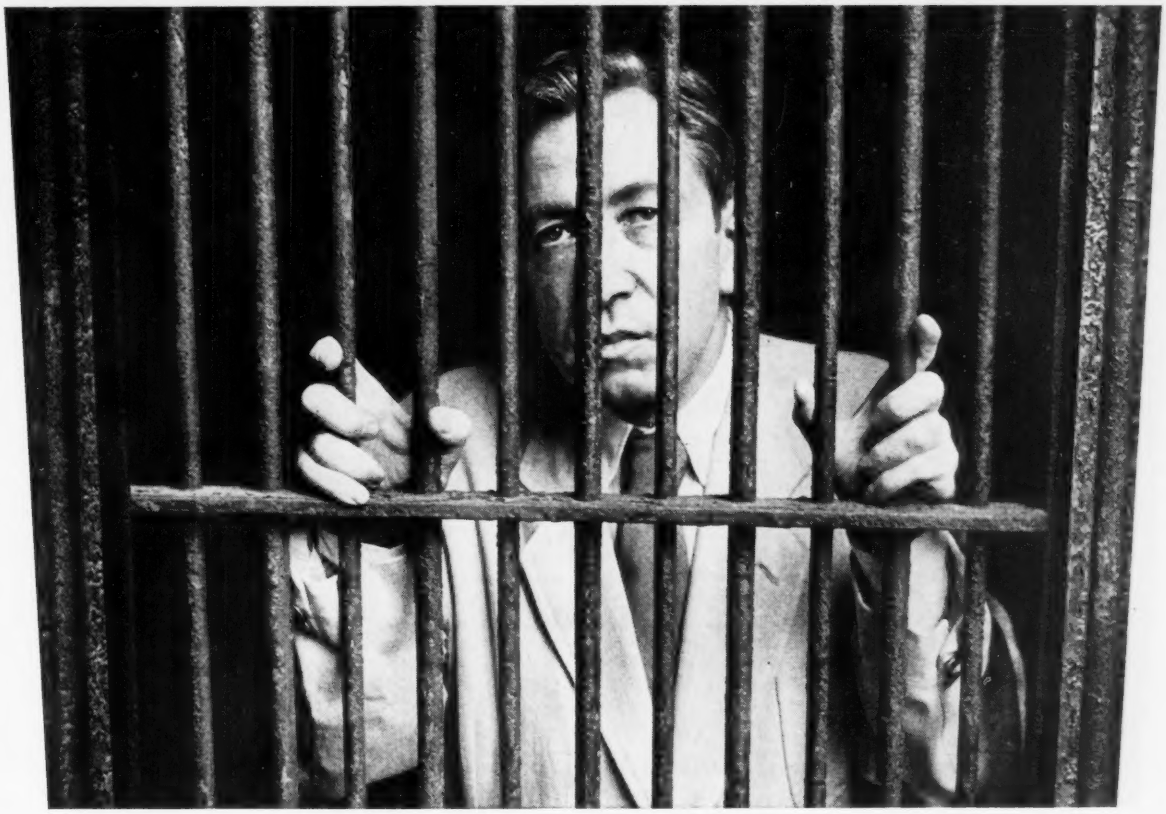
The NATIONAL UNDERWRITER



Don't open until Christmas!

The mountains in the Philippines north of Manila are a mile high – the roads, *rough!* Monsoon rains cut visibility to only a few feet.

An American salesman, with 300 miles to drive before nightfall, grazed a native cart. He was jailed. It happened on December 23.

His frantic wire to the nearest office of his insurance company came when transportation was already over-booked by holiday travelers. An agent chartered a private plane, flew up, settled the claim on the spot. Happy ending – the salesman was home in Manila for Christmas!

Fortunately, his company – a large American concern – relies on American insurance obtained through American International Underwriters. AIU delivers typical American service – prompt, efficient, friendly – just about anywhere on earth.

This is especially important nowadays. Private U. S. investments abroad have increased 4-billion dollars in the last three years alone. They now total over 15-billion.

Every American business community offers opportunities to insure the overseas risks implicit in such great enterprise. An alert 2% of American insurance producers are now writing almost all such coverage sold in the United States.

The business is there – with millions in commissions. You now have the chance to insure clients completely – on risks abroad as well as at home, and on risks of almost any type.

Foreign coverage is easy to sell and it is easy to write. You just bring the information to AIU specialists.

AIU terms and language are American. Claims are handled on the spot, paid in the same currency as premiums – including U. S. dollars where local laws permit.

Remember, you don't have to be an expert to handle foreign risks. Take them to AIU – and AIU is your expert. For full information and literature, write to Dept. N of the AIU office nearest you. Or call in person.

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Dallas 1, Texas .... 801 Corrigan Tower
Houston 2, Texas .... 1619 Melrose Building
San Francisco 4, Calif. .... 206 Sansome Street
Los Angeles 17, Calif. .... 612 So. Flower Street
Seattle 1, Wash. .... 811-814 White Building

THURSDAY, MARCH 4, 1954

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The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

58th Year, No. 9
March 4, 1954

Mail Order Hearing Adjourns with Eye to Full A&H Probe

Closing Sessions Witness Defense of Postal Firms; Resumption Date Not Set

By HENRY HALLAM

WASHINGTON—Senate judiciary committee sources stated that there will be a complete investigation of A&H insurance in the months ahead, extending beyond the boundaries of mail order. This confirms Chairman Langer's indication last week during the questioning that his committee would go beyond the strictly mail order aspect.

Sen. Langer recessed the hearings without setting a date for their resumption.

Commissioner Allyn of Connecticut, chairman of National Assn. of Insurance Commissioners committee that is cooperating with the Langer committee, in addition to praising the fine job of public service done by A&H insurers, urged the passage by Congress of a bill along the lines of that offered repeatedly but unsuccessfully by Rep. Hobbs of Alabama to strengthen the supervisory powers of the states with respect to mail order companies. He called this "a consistent approach to the problem".

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However, said Mr. Allyn, developments in recent years have "materially lessened justification for federal legislation" and added that state insurance departments are best equipped to regulate all types of insurance companies.

Under questioning, Mr. Allyn said he didn't mean to imply that his committee feels any further federal legislation is needed but that if any should be enacted, it should be aimed at bolstering the states powers rather than expanding the scope of federal regulation.

Maloney of California, also a member of the Allyn committee, when questioned on the passage of a law that would bar the mails to advertising declared unfair or deceptive by the federal trade commission or contrary to its code of regulations, said he could see no objection to such a law, since it would merely add teeth to the present FTC regulations.

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Besides Allyn and Maloney, all members of the committee were on hand except Bohlinger of New York, they being Martin of Louisiana, vice-chairman; Barrett of Illinois, Jackson of Maryland, Leggett of Missouri, Jensen of North Dakota, and Murphy of South Carolina, president of NAIC.

The second round of hearings in the mail order investigation began last Thursday when sworn witnesses were A. Alvis Layne, Jr., associate general counsel Assn. of Insurance Advertisers, and Moses G. Hubbard, representing International Federation of Com-

(CONTINUED ON PAGE 40)

Murray Lincoln Is Elected President of National Casualty

DETROIT—Murray D. Lincoln, president of the three Farm Bureau companies of Columbus, Ohio, has been elected president of National Casualty of Detroit. He succeeds Paul F. Jones, who died last November.

While National writes several lines of casualty insurance, it has been a specialist in the A.&H. field for more than 50 years. Three years ago, Farm Bureau Mutual Auto bought about 55% of National's capital stock.

Mr. Lincoln emphasized that operations of National Casualty will continue to be conducted independently of the Farm Bureau companies and in the same manner as heretofore. He said there would be no change in management policies.

Mr. Lincoln is a 30-year veteran of insurance. He was one of the Ohio farmers who in 1926 borrowed $10,000 and founded the Farm Bureau Mutual Automobile which today ranks as the fourth largest auto insurer in the nation. Mr. Lincoln went to Ohio in 1917 to become associated with Myron T. Herrick and the Society for Savings Bank in Cleveland. Three

(CONTINUED ON PAGE 40)

Dickey Resigns as Okla. Commissioner to Join Admiral Fire

Donald F. Dickey, Oklahoma insurance commissioner, is resigning March 20 to become vice-president of Admiral Fire of Houston and manager of the Bettes agencies in Oklahoma.

Donald F. Dickey

Mr. Dickey was named Oklahoma commissioner in 1946. Before that he had insurance experience in an agency at Weatherford, Okla., that was owned by his father, J. O. Dickey. A marine veteran, he presently is a member of the executive committee of National Assn. of Insurance Commissioners.

Admiral Fire was organized in 1952 by interests identified with T. J. Bettes Co. of Houston, a mortgage banking organization. Admiral Fire and the Bettes agencies have Oklahoma offices at Tulsa and Oklahoma City, and Mr. Dickey will make his headquarters in the latter city.

Late News Bulletins . . .

Register Optimism on Eve of Legislative Push

Proponents of compulsory auto in New York are predicting passage of the legislation on the eve of their effort to get the bills out of committee. Proponents will try to get the bill out of the senate finance committee next week, it is said. They are counting noses and claim enough combined Republican and Democratic strength to push the legislation through both houses.

Proponents are getting a good press but it is reported from Albany that the bills won't be made party measures, which would bind Republicans to vote for them, willy nilly.

In the meantime Sen. Hults, whose joint legislative committee on compulsory has been holding hearings, has put in the assigned case plan bill which directs insurers writing auto cover to etablish a fund which would recompense victims of financially irresponsible motorists. There is a $100 deductible but limits would be 10/20/5, thus including property damage. The estimate by Sen. Hults is that the plan would cost $2 million a year, which would be reflected in auto cover rates and be paid by insured motorists.

$6 Million Suit on Hatch Cover Contract

Five shipbuilding companies, Newport News Shipbuilding & Drydock, Sun Shipbuilding & Drydock, Ingalls Shipbuilding, Bethlehem-Sparrows Point shipyard, and Bethlehem Steel, have sued Seaboard Maritme Corp. of Florida and Peerless Casualty for $6,154,000.

The shipbuilders contend that Seaboard failed to carry out a contract to supply hatch covers for 25 mariner type cargo vessels the builders had agreed to construct for the maritime administration.

The ship builders each seek $500,000 from Seaboard and $3,654,000 in performace bonds posted by Peerless. They charge Seaboard halted delivery after supplying 10 of the sets of covers.

WC Experience Trend Better

In his annual report, Harry F. Richardson, general manager of National Council on Compensation Insurance, stated that countrywide standard premium loss ratios were running 58.2% for the first six months of 1953 as contrasted with 64.2 in 1952 and 65.4 in 1951.

Suit Over Constructive Total Loss

NEW YORK—A Panamanian shipping concern, Compania Maritima Astra, S. A., is suing London Lloyds for $1,536,000 plus interest for constructive total loss of the ship Armar, which went aground off Cuba in 1952 with a cargo of

(CONTINUED ON PAGE 41)

Question of Part Subscribership Under Scrutiny

N. Y. Rating Org. Says No, North America Says Yes at Department Hearing

NEW YORK—The question of whether an insurer can be independent for some classes of risks and not for all is being tested here. The hearing, requested by New York Fire Insurance Rating Org. to protest the independent filing by North America of fire and allied lines rates on dwelling classes, ran for two days last week. It is expected to take three or four days and will be resumed March 5.

The interest in the issue, which is countrywide, was indicated by the presence of a number of observers, including J. K. Bartlett, attorney of Maryland Fire Underwriters Rating Bureau, which has notified North America that it will not permit partial subscribership in that state; George H. Kline, former New York Insurance Department deputy now with Allstate, which is contemplating entering into the fire business as an independent; Harold Atkiss of Mutual Insurance Rating Bureau, representatives of Inland Marine Insurance Bureau, counsel of Middle Department Fire Underwriters Assn., and others. Since North America took substantially the same action on dwelling rates elsewhere as in New York, the hearing here is being closely watched as something of a "test case." R. M. L. Carson put in a statement for New York State Assn. of Insurance Agents opposing the North America filing.

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The testimony elicited by Abraham Kaplan, counsel of NYFIRO aimed at showing that North America's filing is not backed by supporting data, that it would have to set up a rating system, including a town grading plan and a large and expensive inspection machinery, in order to produce non-discriminatory rates, that it cannot be a partial subscriber without jeopardizing the existence of NYFIRO, and that the rating system of NYFIRO is copyrighted by that organization and cannot by used by North America. He interrogated H. Sumner Stanley, general manager of NYFIRO, Joseph Collins, chief of the insurance department's rating division and John R. Barry, president of Corroon & Reynolds.

North America, whose legal spokesman was W. Perry Epes, attorney, argued that the New York insurance law and NYFIRO's own constitution and by-laws provide for partial subscribership, and there are partial subscribers in NYFIRO now. Mr. Stanley said they were admitted as partial subscribers at the request of the insurance department but with the understanding that this action did not establish a precedent. It could not be determined whether NYFIRO would furnish North

(CONTINUED ON PAGE 42)

Compulsory Gets a Three-Way Blast in Detroit Talks

O'Connor, Walsh Heard; Navarre Warns Agents to Keep the[illegible]r House in Order

DETROIT—Ramifications of compulsory insurance as to its effects on agents and companies and the public were given a going-over at the mid-year meeting of Michigan Assn. of Insurance Agents here by E. H. O'Connor, managing director of Insurance Economics Society; Daniel M. Walsh, Jr.,

E. H. O'Connor

J. A. Navarre

local agent of Springfield, Mass., and Commissioner Joseph A. Navarre of Michigan. Mr. O'Connor talked on compulsory disability, Mr. Walsh on automobile, and Mr. Navarre covered both fields. They had a large audience that followed the remarks closely. There was particular interest in the statements of Mr. Navarre, who came out publicly for the first time in strong opposition to compulsory, saying that he had not made up his mind on the issue of compulsory automobile until reading the speeches of Superintendent Bohlinger of New York, which he said were full of holes.

Michigan doesn't face immediately the problem of compulsory insurance or UJF, mainly because of "extremely adroit handling of the problem, largely by the agents," Mr. Navarre said. He added it is impossible to over-emphasize the importance of agents in letting their legislatures know what the results of compulsory might be.

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In Michigan only about 1/15 of 1% of motorists are unable to satisfy a judgment. Mr. Navarre said he would not saddle the whole state with compulsory insurance for that small percentage of the population and at a cost shown to be in Massachusetts three times as much as Michigan policyholders now pay. The idea of extra cost hits home with the legislatures on compulsory and UJF, he added. To the thought that there would not be an additional $50 million in cost, Mr. Navarre said he has as much right to use that as Mr. Bohlinger has for some of his arguments favoring compulsory, since at least in Massachusetts there is a precedent for naming the higher figure.

Another reason for lower rates in Michigan as compared with Massachusetts is that there is competition, the commissioner went on. There isn't any competition in Massachusetts. He asked if the use of public highways in the state should be predicated upon the ownership of insurance. This appears to be an invasion of public rights.

(CONTINUED ON PAGE 34)

MICHIGAN AGENTS MEETING

Bureau or Non-Bureau for Auto? Agent Panel Reviews the Merits

DETROIT—The agent's view of the bureau and non-bureau auto insurance markets was presented here to about 300 of those attending the mid-year meeting of Michigan Assn. of Insurance Agents. In a four-man panel session presided over by M. Frank McCaffrey, two agents gave their reasons for preferring to sell for National Bureau of Casualty Underwriters member companies, and two others told why they represent non-bureau insurers. The talks and the question and answer period lasted more than two hours, and at no time was there a lag or any indication that the audience was getting restless. Mr. McCaffrey, who is with the Byrnes-McCaffrey agency of Detroit, was an excellent selection as moderator; he kept the members on their toes, and saw to it that some of the touchy aspects of this hot question did not get into the conversation.

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Taking the bureau case were Joseph W. Mundus of Mundus & Mundus, Ann Arbor, and Charles L. Erickson, Detroit Insurance Agency. The non-bureau proponents were Robert Cole, Detroit, and Russell W. Worgess, Battle Creek.

Mr. Mundus opened with a little background, remarking that years ago nearly all agents represented only bureau companies. The independents got started by charging less for auto cover and paying a larger commission; the agents took them on, gave them most of the new business and a good share of renewals. Since then, the business of bureau insurers has been decreasing. The bureau companies have had a hard time maintaining good loss ratios.

It is dangerous to represent independent companies, Mr. Mundus said. They are apt to watch the loss ratio more closely. Bureau companies underwrite an agency, independents do it by lines. If an agent of an independent company runs into a bad loss ratio, his company may run out on him almost without notice. The agent has to look for another company offering a price differential; if a bureau company has to cancel an agent, the agent can get another bureau company at known rates.

There are about 146 members of the National Bureau and about 154 subscribers. Mr. Mundus remarked that the member companies are pledged to live up to the rules, the subscribers use bureau data as advisory only. Without the bureau there would be no standard. If there were no bureau and each company had to go it alone, the business would be faced with chaos.

Independent agency companies were the first to reduce commissions, Mr. Mundus continued. Bureau companies may have talked about this, but they have not announced an intention to change the scale.

The bureau companies, he added, accepted the Massachusetts compulsory law, wrote the business and kept it from going into a state fund.

The major advantage of selling non-bureau auto insurance, Mr. Worgess declared, is that they specialize in auto, have grown and prospered on it. Their management is more sensitive to trends, rates, and coverages; while by comparison the bureau seems almost backward. The independents have pioneered the changes, and Mr. Worgess mentioned among them: Drive other car coverage, broader medical, automatic cover for change of auto, automatic cover for auto homes.

These items help make non-bureau insurance more salable, Mr. Worgess commented.

On the score of rates, the independents are more flexible and can meet changing situations in certain territories. In some areas of Michigan the bureau companies don't write enough business to give credibility to their statistics and rates, Mr. Worgess said.

He said the non-bureau insurers are more sales conscious. Bureau companies often seem to regard auto as accommodation business.

Independent companies have a big advantage for a new agent in that they give maximum commissions, but with the bureau companies the new agent many times has to be satisfied with less.

Broader coverage and sales aggressiveness, however, he said, are main reasons for representing a non-bureau company. The rate differential is not primary.

Charles Erickson observed that bureau members will keep an insured on the books year after year. When the market was tight after the war, bureau companies did the job, keeping business on the books and taking a reasonable amount of new. When competition got tough, with Detroit Auto Club, Michigan Mutual, State Farm and Allstate moving in on a direct basis, many agents switched to independents in order to meet the lower rates.

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The bureau has developed a classification plan which Mr. Erickson said allows a fair price to the auto owner. The agents shouldn't sell themselves short, he added.

Bureau field men are invaluable to an agent, he went on, especially if they have a reasonable amount of authority. An agent can demand cooperation from a bureau company and expect to get it. Bureau companies offer national service; many independents are not represented for claims or service in many areas.

Sell "national brand" companies, Mr. Erickson advised. A fine reputation has been built up over the years by the bureau companies. The J. L. Hudson department store in Detroit has been successful by selling national brand merchandise combined with quality service. That organization is not worried about Sears. Select a good NAUA company and a good bureau company, give them a large volume and demand cooperation, Mr. Erickson suggested. Then underwrite the business in the agency, offer service to the insured.

Make the agent as an agent important to the insured, he said. Diversify writings, get all the insured's business and have the insured regard the agent as a counsellor. Then the insured won't pull out a particular line for a lower rate.

In his advocacy of independent companies, Robert Cole described his own experience in the auto field. He was with Detroit Auto Club for 19 years beginning in 1924, specializing

(CONTINUED ON PAGE 38)

Michigan Agents Midyear Rally Is Great Success

700 at Detroit Take in Program of High Interest; Membership Nears 1,000

By JOHN C. BURRIDGE

DETROIT—Michigan Assn. of Insurance Agents had an attendance of nearly 700 for its mid-year meeting here, a gathering that was a bang-up affair. The program was exceptional in that there was not one dull spot. Every speaker had a topic of timely interest, and the agents turned out in droves for

Ray L. Van Kuiken

W. O. Hildebrand

the sessions on compulsory insurance and a panel discussion on representing National Bureau or non-bureau companies for automobile insurance.

W. O. Hildebrand, secretary-manager, has the primary responsibility for making these conventions click, and this was one of his best. President Harry E. King of Calumet was absent on vacation in Florida, by agreement, and his place was taken by Ray L. Van Kuiken of Grand Rapids, the vice-president, who turned in a creditable job.

More than 80 bills affecting insurance have been introduced in the current Michigan legislative session, Mr. Van Kuiken said. These are under study, and among them are compulsory automobile, compulsory disability, UJF and other such unwanted measures. However, the association hopes to defeat these bills and so far is "very well pleased."

A bulletin on compulsory automobile that was gotten out last fall by the public relations planning committee has had a good reception among the agents. The association may revive its speakers bureau under the title of Insurance Speakers Bureau, with the headquarters office at Lansing keeping a record of agents and fieldmen who are available to make talks before civic groups.

There are now 955 member agencies in the association, 17 new ones having been taken in the evening before the first general session.

Mr. Van Kuiken said the automobile business continues to be vexatious, since class 1 is about three-fourths of the market and that is the group most open to raiding on the part of specialty companies and direct writers.

David T. Marantette of Detroit, chairman of the conference committee, reported on the changes in the fire field since the annual meeting in September, mentioning among them elimination of assigned co-insurance application, the change in the breach of warranty clause, introduction of liberalization clause, new improvements

(CONTINUED ON PAGE 43)

Bond Producers Explore Problems at L. A. Convention

See Good Year Ahead; Discuss Production, Contract Business, Uniform Accounting

National Assn. of Surety Bond Producers at its convention in Los Angeles heard discussions of production and other problems, the broadening market for contract bonds and other matters of significance. More than 200 producers and company executives attended.

SPEED WARNER

Speed Warner of Kansas City, president, was in charge of the first day's session, at which several aspects and developments of the business were explored.

Edward H. Cushman, Philadelphia, general counsel of the association, speaking on "Improving the Open Indemnity Agreement", discussed the confused state of the law with respect to the requirement for notice to an indemnitor where it is contended by the surety that the third party indemnity is a continuing undertaking. He suggested changes in the form of the third party indemnity aggreement and stressed the necessity for an equitable form, especially in view of the trend indicated by the proposed uniform commercial code, now law in Pennsylvania, which provides that if the

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Speed Warner, Kansas City, was reelected president of National Assn. of Surety Bond Producers at Los Angeles. Other officers are Morris Moughon, Nashville; Carl Dauksch, Columbus, O.; Joseph H. Miller, San Francisco, vice-presidents; H. Phelps Smith, Nashville, executive director, and Edward H. Cushman, Philadelphia, general counsel.

New members of the executive committee are Mrs. Elma M. Moore, Wichita; R. Lewis Patton, Charlotte, N. C.; John Overton, Montgomery, Ala., and Dallas Smith, Dallas.

A memorial tribute to the late Martin W. Lewis, general manager of Surety Assn. of America, was adopted.

Allstate Denied Plan for Class Deviations in North Carolina

Allstate's deviation plan, proposing a breaking point at 7,500 miles of travel for the seven-driver classifications, has been turned down by Commissioner Gold of North Carolina.

Except for classes 2B and 2C, which it would write at the manual rate, Allstate had proposed a deviation of 25% for drivers in each class who travel less than 7,500 miles each year and 15% for those who travel more than that.

The plan was sharply contested by North Carolina Automobile Rate Administrative Office at a public hearing and since then both Allstate and the rate office had filed briefs with the commissioner. The bureau contends the Allstate plan represents an attempt to deviate by classification as well as by rate and claims that under the state law only the rate office may determine classifications.

Commissioner Gold said he agreed with the rate office and found that the Allstate proposal is a departure from the administrative office's new classification plan.

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To subdivide a classification established by the bureau and approved by the commissioner, such division being on a basis of estimated or proved mileage, would be to establish another and different classification or set of classifications. The statute does not permit this; nor does it permit an individual insurer to set up its own classification or rating plans, subject to change from time to time, thereby circumventing the rules, rating plans, classification plans, schedules and standards of the rating bureau by contending that such constitutes a plan of operation, Mr. Gold said.

The department said the decision would not affect the Allstate deviation plan currently in effect in the state. That plan has deviations from the old three groups into which the drivers were divided before the new classification plan was introduced last year. It also contains the 7,500 mile break, but at the time it was introduced the rate office did not contest it on the grounds that there was no statutory prohibition against such a deviation.

OK N. C. Hail Rate Boost

RALEIGH, N. C.—Commissioner Gold has approved changes in crop hail insurance rates in North Carolina which will result in an estimated increase of $201,734 in premiums during 1954.

He said rate changes submitted by the North Carolina rating bureau appear to be justified by loss experience data presented at a public hearing Feb. 16. The changes call for decreases in hail insurance on tobacco in 16 counties by approximately $130,305 and increases in 22 counties of approximately $332,039.

Bartz Joins Freese Agency

Edward C. Bartz has joined the Freese agency of Detroit as fire manager. He has been with Johnson & Higgins for 10 years, five at New York and five at Detroit as head of the fire department.

Sargent Raised at L. A.

Robert M. Sargent, associate manager at Los Angeles for Continental Casualty, has been appointed resident vice-president there.

Hartford Fire OKs Stock Dividend

Stockholders of Hartford Fire have voted to increase capital from $16 million, the 400,000 additional shares to be paid for by transferring $4 million from surplus to capital.

Directors declared this additional issue a stock dividend payable April 23, one share of additional for every four shares held by stockholders of record March 26. Stockholders whose holdings are not evenly divisible by four will receive fractional scrip certificates.

James C. Hullett, president, stated it is the intention of directors to continue the cash dividend at the present rate of $3 per share per year upon the enlarged capitalization if in their judgment such dividends are warranted by earnings.

Richard Hubbell Resigns National Inspection Post

Richard M. Hubbell has resigned as assistant manager of National Inspection Co. He has not as yet announced his future plans.

Besides his many years of inspection experience, Mr. Hubbell has a broad background in company field work. He started in insurance with Marsh & McLennan at Chicago, going with National Inspection Co. in 1928. After serving as an inspector at Columbus, O. for five years, he entered field work as Ohio special agent for American National of the Great American group. He later was transferred to Indiana, serving all Great American companies, and in 1940 was named Indiana state agent for State of Pennsylvania.

He also served as Indiana state agent for Globe & Rutgers and American Home Indemnity before rejoining National in 1945 as field supervisor. He was subsequently advanced to assistant manager. His late father, Joseph G., was a founder and for many years head of National Inspection Co. A brother, Robert G., is Indiana state agent for Northern of England.

New N. Y. Dept. Deputy

Insurance Superintendent Alfred J. Bohlinger has appointed Thomas F. Newman, Jr., of Yonkers deputy superintendent. Mr. Newman has been secretary to Judge Nolan, presiding justice of the appellate division, second department of the supreme court, since 1947. He is a member of the New York bar, and was engaged in law practice 1939 to 1942. After army duty he resumed law practice.

Thomas F. Newman, Jr.

Advocates Auto 'Comp'

An article in the *New York Times* Sunday magazine by Samuel H. Hofstadter, New York supreme court justice, deals with the traffic jam in the courts and states that the causes principally are automobile accident cases. He points out that compulsory will not reduce court congestion because it will not decrease accidents.

Another suggested cure, he says, is to abolish the doctrine of contributory negligence; also, abolish juries in all civil cases.

His own recommendation is something new and drastic—compensation. A compensation plan similar to the workmen's compensation act would meet the problem, he declares.

IAC Studies Ways of Making Agents More Effective

Group Plans to Get More Insurance Credits After Catastrophes

By RALPH E. RICHMAN

NEW YORK—Insurance Advertising Conference lived up to its name at the one day forum here. No one made a speech. Four group discussions were guided by Alwin E. Bulau, assistant secretary of Home, on how to evaluate advertising; Harry V. Carlier, assistant secretary of Northern Assurance, on how to bring the advertising department in closer relationship with production departments; Alden M. Taylor, advertising manager of Phoenix of Hartford, on whether companies are missing the boat on publicity in connection with losses, and William J. Traynor, assistant secretary and advertising director of North British group, on closer agency and company relationship through cooperative efforts.

In all four discussions, the local agent was the pivot. Advertising and publicity of all kinds, it was pointed out, must help him to produce business, to establish his position as a citizen providing unusual values and services, to build his own morale and always to contribute directly or indirectly to increasing his economic and mental well being.

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Mr. Bulau said that advertising to the consumer was done to make a company better known to the public itself and to help break down resistance to the agents' own efforts by direct mail and personal call. Seldom has consumer advertising tied in the magazine reader directly with company service. One example believed to be effective is the cooperative agreements with Western Union for phoning a specified operator number to get the nearest company aid or service, particularly in the handling of claims.

In all advertising in the consumer magazines, the end purpose is to strengthen the local agent, who makes the choice of the insurer to be used. Much of the advertising in the consumer magazines is a constant reminder to the agent himself that what he has to sell is attractive and useful.

Jack McAdams, vice-president of Albert Frank-Guenther Law advertising agency, New York, said that accurate standards for measuring results of insurance company advertising in insurance papers have not been devised and for that matter have not been devised in the whole field of general advertising. He said there were methods for determining whether a company's message was being understood and if understood, was achieving the object sought.

When Mr. Bulau sought expressions from representatives of the business papers, Ralph Richman of the NATIONAL UNDERWRITER, answering an inquiry about annual statement advertising, stated that the single advertisement based on the annual statement at the time when annual statements had news value was valuable inside the insurance business itself. He said that the chief purpose of all

(CONTINUED ON PAGE 43)

Insurers Fight Plan for Fixed Auto Rates in Miss.

The Mississippi senate insurance committee Tuesday held a hearing on the bill that is being promoted by the agents to require that passenger automobiles take a single rate as set up by the insurance commission. Opposition to such an idea was made by representatives of nearly all of the casualty company organizations.

The bill was introduced by Senator C. B. Morton. National Assn. of Independent Insurers has taken a strong public stand against it, saying it would deprive the motorists of the advantage of price competition that prevails in 46 states. NAII charges that certain leaders among the agents who are pressing for this bill are pursuing a "self-serving aim. Their hope is to break the rates, and thus avoid the effects of price competition."

The uniform rate is appropriate only in respect to utilities which enjoy a total monopoly, and has no place in the competitive automobile insurance business, NAII says. It adds that about 25% of Mississippi motorists are insured in NAII companies and that the effect of such a bill would be to increase additional premium rates for more than 100,000 policyholders in the state.

The apparent purpose of the bill is to have the commission set up a standard auto policy and fix uniform rates for each classification, from which there would be no deviations. It is reported to have originated with the agents.

Moral of Tulsa Put in Receivership

Moral Ins. Co. of Tulsa has been placed in receivership in an action filed in district court by the Oklahoma insurance department. The company is said to have a $19,000 impairment of capital stock. Injunction was granted by Judge E. L. Taylor against policyholders to prevent them from cancelling except in case of transfer or destruction of property.

Moral had an unearned premium reserve of $346,983 as of Jan. 31, 1954, according to a preliminary report of examination.

The court has appointed S. Barry King, department examiner, as assistant receiver. Commissioner Dickey, who has just resigned, is the receiver by law, and an attorney for the receivership will be appointed by the department.

The preliminary examination shows Moral has assets of $562,108, and liabilities of $531,019, less $50,000 authorized capital stock, a minus figure of $18,910.

Max Morgan of Tulsa, president and sole stockholder, did not contest the action and agreed the impairment existed and constituted grounds for receivership.

It is thought that business now on the books can be carried until expiration, and it is the intention of the department to liquidate the company after all business has expired, although that is not determined.

Moral voluntarily ceased writing new and renewal business as of Feb. 10, giving the reason that it was operating under an inadequate rate.

Hartford Advances Lange and Haag

Hartford Fire has elected Roland H. Lange, former vice-president and secretary, vice-president, and Harry K. Haag, former assistant secretary, secretary.

Mr. Lange has been with the Hartford since 1930. After serving in vari-

R. H. Lange

H. K. Haag

ous underwriting capacities at Chicago he went into the field in 1936 and was successively special agent in Indiana, Kansas, Illinois and Michigan. Since his appointment to the executive staff at the home office in 1950 he has assisted in general administrative functions, including liaison work with certain departmental offices. He has taken part also in the work of boards and committees. He was elected a secretary in 1951, and vice-president and secretary in 1953.

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Mr. Haag began in insurance as a statistician in the insurance department of Home Owners Loan Corp. In 1935 he joined Stock Company Assn. He went with the southern department of Hartford Fire in 1943, and was made office manager and chief accountant there in 1948. In 1952 he transferred to the home office as staff assistant. He was elected assistant secretary in 1953.

R. I. Auto Dealers Propose Own Insurer

The war between Rhode Island automobile dealers and insurance agents for control of the physical damage business of financed automobiles has been carried into the state legislature for the second successive year.

Now the dealers have taken the initiative by sponsoring a bill to incorporate a new insurer to be known as ADA Ins. Co. operated by dealers. One dealer said Automobile Dealers' Assn. of Rhode Island is behind the bills.

Last year Rhode Island Assn. of Insurance Agents sponsored legislation which would have forbidden dealers to write insurance on cars they sell. The bills were killed and the association has not yet decided whether to reintroduce them this year.

Crime Policy for Oklahoma

A new special package selective crime policy for small retail stores merchants, which includes dishonesty of employes and counterfeit money coverages, has been approved for Oklahoma by the state insurance board, effective March 15.

The filing, made independently by Western Casualty & Surety of Fort Scott, Kan., provides optional coverage on interior robbery, messenger robbery, burglary (or theft) of money in home, safe or vault burglary, open stock burglary, burglary keylocked receptacle, money and securities destruction, dishonesty of employes, forgery ad alterations, bad check and money order, and counterfeit money coverages.

This is a scheduled policy and one or more of the coverages may be purchased.

Allstate Officially Says It Will Write Fire Insurance

Allstate was host last week to a press conference at Chicago at which it was announced that the company is all set to enter the fire business. This came as a surprise to practically nobody, since there has been great anticipation in the insurance ranks concerning Allstate's plans, and a few months ago Leon G. McKnight, who was with General of Seattle at St. Louis, joined Allstate to head the fire department.

President Calvin Fentress said he believes Allstate's rates "will be attractive to the fire insurance buyer. Our findings indicate many homes today are dangerously under-insured. We believe that we can render a real service by offering insurance at rates which will make it easier for home owners to purchase insurance in adequate amounts."

Initially, Allstate will confine its writings in fire to dwellings housing up to four families, and will insure household contents and personal property in buildings housing up to 20 families. There are no immediate plans to write fire on commercial or farm buildings or their contents.

Allstate's personnel are being qualified to add fire to their existing facilities for writing automobile and comprehensive personal liability. The same sales methods that are followed in the automobile business will be used for fire insurance.

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Mr. Fentress also announced the company's results for 1953. Allstate had written premiums of $173,716,000, an increase of $56,266,000 over 1952, which represents a 47.9% gain. Assets totalled $194,556,000, up 41%, and surplus to policyholders increased to $32,085,000, an 11.5% gain.

Underwriting profit amounted to $9.5 million, and investment income added $4.2 million. Taxes were $7.3 million, and the company wound up the year with an overall profit of $6.5 million.

Last year the company went into the comprehensive personal liability field and wrote $1,636,000 in premiums, which Mr. Fentress said he thinks is a record. Offices were opened in Canada at Toronto and Vancouver.

It was announced that A. E. Spottke, vice-president, has been given responsibility for the public relations of Allstate in addition to his other duties.

Commissions Unit of NAIA Is Discontinued

The special committee on commissions of National Assn. of Insurance Agents, having accomplished the purpose of its formation, is now discontinued with thanks by President E. J. Seymour. The tenets recommended by the members of this committee and adopted as policy by the association are now to be a guide for the administration, acting through the executive committee in handling problems arising on the subject.

The committee was headed by Russell M. L. Carson of Glens Falls, N.Y., chairman.

N. A. Filing Effective in N. E. on Dwellings

The independent filing of dwelling rates by North America has gone into effect in New England states. Rates are the same as those of New England Fire Insurance Rating Assn.

Premium Financing Firm Is Launched

An insurance premium financing organization, Afco Incorporated, 27 Cedar street, New York city, has been established for the benefit of all fire, marine and casualty insurers. It will make available to policyholders through agency and brokerage offices throughout the country facilities for premium credit under plans which permit payment of premiums in frequent installments.

In many localities no such credit is available. In others, premiums may be financed, generally, only on a limited scale.

Organization of the new financing company is sponsored by America Fore.

Afco has available 16 budget plans for financing fire, automobile, inland marine and casualty premiums on equal monthly, quarterly, semi-annual and annual payment bases. Tailor-made plans providing for installment payments more or less frequent than under the basic plans are available to meet the special requirements of insured. Reasonable interest rates are charged on the declining unpaid principal balances only, the rates depending upon the size and term of the loan.

Several policies may be merged in a single premium budget contract. The facility should encourage policyholders to carry adequate insurance. The policyholder can get premium credit without the burden of credit investigation since the unearned premium becomes the collateral. Also, insured retain their policy. Down payments range from 3% to 35%, depending on the financing plan selected by insured.

Full premiums on financed contracts will be remitted promptly by Afco, which will give commissions to agents currently and reduce collection expense. It should also assist in reducing the number of flat cancellations.

The investment corporation, organized under the New York state banking law, has a capital and paid in surplus of $2 million. W. E. Unzicker, vice-president, is in charge. He has been in financial affairs since 1916, starting in Texas and later becoming assistant treasurer of RFC.

San Antonio A&H Men Elect Borden President

San Antonio Assn. of A. & H. Underwriters at its February meeting elected the following officers: William A. Borden, American Hospital & Life, president; Neal S. Sutton, Travelers, vice-president; Miss Earline Pratt, American H. & L., secretary.

Directors elected are Herman Andrew, Business Men's Assurance; Robert L. Gulley, Jr., Federal Security Life; Arthur Fleming, Time Life; Carroll C. Preston, Guarantee Mutual Life; and Allen Richards, New York Life. Holdover directors are Marion Coulter, Lincoln National Life; John Pipes of Pipes & Co. insurance agency, and Ed Speer, Great American Reserve.

The Disability Insurance Sales Course will be held at Texas A. & M. college March 29-April 1.

OL&T, M&C Rates up in R.I.

National Bureau has revised bodily injury liability rates for M&C classifications and OL&T area and frontage classifications in Rhode Island, effective March 1. The average statewide increase is about 10% on M&C and about 12% on OL&T.

Hail Filing Approved in N.C.; Major Change in Cotton Policies

Commissioner Gold has approved the 1954 hail filing of North Carolina Fire Insurance Rating Bureau exactly as it was presented. It includes increases in tobacco hail coverage in 22 counties estimated at $332,039 annually, and decreases in 16 counties at an estimated $130,305 annually.

The commissioner also approved a new tobacco crop-hail policy providing coverage for loss by fire, aircraft, lightning and windstorm until the tobacco is cut or primed. He also approved a new 10% deductible endorsement offering coverage on losses in excess of 10% at a rate of 40% under that of full coverage. Minor changes in the tobacco policy form likewise were approved.

Another major change provides a new method for increasing the liability on cotton during the first 30 days the policy is effective. Previously a third of the insurance has been in effect for the first 15 days and after the cotton shows a stand and two-thirds between the 15th and 30th days, with full coverage after that. Under the new plan 25% of the insurance is in effect the first 15 days and the insurance increases 5% each day thereafter until the full coverage is in effect. This eliminates large increases in liability over a period of only one day.

Seek Comparative WC Data from 10 States

A confidential survey of multi-state employers to obtain data on the cost of workmen's compensation to employers in New York compared with charges in 10 other industrial states is being undertaken at the request of A. O. Dawson, Moreland act commissioner on New York state WC, under the joint auspices of the Commerce & Industry Assn. of New York and Self Insurers Assn.

Questionnaires are going out to New York employers with substantially similar operations in one or more of the 10 states. Information is sought, covering 1948 to 1952 inclusive, to enable measuring the extent to which New York follows or deviates from the experience of states where the hazards of working are substantially the same. The 10 states are California, Connecticut, Illinois, Maryland, Massachusetts, Michigan, Missouri, New Jersey, Pennsylvania and Wisconsin.

The information sought includes annual payroll in thousands of dollars for the specific operation in each state, number of employes by state, number of claims in which at least some compensation payments have been made, breakdown of total claims according to kind of disability or case—death, permanent total, permanent partial, or temporary disability—actual dollars paid out in indemnity and medical costs, including hospital, reserves as of latest valuation date that have been set up for future payments on these cases, and number of back cases involved in total claims.

Ohio Assn. Spring Meet

John W. Frazier, vice-president of the James & Manchester agency of Cleveland, will discuss how a field man can best help an agent at the spring meeting of Ohio Fire Underwriters Assn. March 9 at Cleveland.

N. Y. A&H Women Elect

New officers installed by A&H Women's Club of New York are Norma Rincon of Century Indemnity, president; Arden Mason of Royal Liverpool, vice-president in charge of arrangements; Lee McClure and Johanna Baranello of Continental Casualty, vice-presidents of education and membership respectively; Phyllis Matheson of Phoenix Indemnity, secretary; Helen Polica of Loyalty group, assistant treasurer, and Josephine Pettit of U.S.F.&G., Elsie Hepp and Elfreda Springer of Continental Casualty, Madeline McCrory and Mildred Philpitt of James R. Garrett, Inc., executive committee; and Ruth H. Scutari of Stewart, Smith & Co. historian.

Name Members of Midwest Agents Casualty Panel

J. H. Bandy

The casualty panel to be held Monday afternoon, March 22, during the Midwest Territorial Conference of National Assn. of Insurance Agents at Louisville, will center around the casualty insurance questionnaire prepared each year by the NAIA casualty insurance committee. This is used as a basis for spring conferences of the committee with representatives of National Bureau and other rating organizations in May.

Agents will be asked to complete copies of the questionnaire after the meeting in the light of the discussion and send them to NAIA headquarters before these sessions with bureau representatives.

J. H. Bandy, Nashville, chairman NAIA casualty committee, will be moderator of the panel, and members will be J. A. Neumann, Jamaica, N.Y., NAIA vice-president; J. C. O'Connor, Cincinnati, executive editor "Fire, Casualty & Surety Bulletins" of THE NATIONAL UNDERWRITER; and R. L. Davis, Chicago, manager Assn. of Casualty & Surety Companies. Mr. Davis will discuss the compulsory insurance situation, while the other panel members will concentrate on the topics in the questionnaire.

E. B. Kalbacher Retires

Edward B. Kalbacher, home office cashier since 1933 for the fire companies of the America Fore group, has retired after 50 years of service and was honored at a dinner by more than 100 officers, business associates and friends. Main speaker was Executive Vice-president J. Victor Herd. Toastmaster was J. D. Spellman, supervising attorney of Fidelity & Casualty.

Home F. & M. Dividend

Home F. & M. of Fireman's Fund group has declared a quarterly dividend of 40 cents per share of capital stock payable March 5 to holders of record Feb. 26.

General of Seattle Companies Have Outstanding Year

W. L. Campbell, president of General America Corp., the parent company of General of Seattle group, reported to stockholders that the insurers last year increased their premium volume 11.4% to $86 million. The companies wound up the year with assets of $146,984,443. There was a combined loss reserve of $22,932,328, unearned premium reserve of $66,152,998, surplus to policyholders of $45,320,259.

General of Seattle at Dec. 31 had assets of $91,718,920, unearned premium reserve of $41,844,892, loss reserve of $4,925,945, and gross surplus of $36,210,124. General Casualty concluded the year with assets of $48,098,241, unearned premium reserve of $17,206,750, loss reserve of $17,655,865, and gross surplus of $9,567,614. First National had assets of $14,241,971, unearned premiums of $6,813,847, and loss reserve of $507,260. The surplus to policyholders was $6,368,945.

Safeco concluded its first year with $2,232,686 in assets, $287,508 in unearned premiums, and $43,325 as loss reserve. Its surplus to policyholders was $1,834,265.

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Mr. Campbell said Safeco is now licensed in 20 states writing only private passenger automobiles and related coverages, although it is incorporated as a multiple line company and may enter other classes as the necessity arises. It writes a continuous policy, extended by premium payments each six months with renewal notices mailed directly to the insured by the company in the name of the agent. It is contemplated that Safeco will be expanded to do a nation-wide business this year. While the volume is not large on account of the comparatively short time the company has been in business, Mr. Campbell said it is going at a satisfactory rate. Some agents have made objection to the company, primarily because of its low commission and direct billing, but on the whole, "it has been received enthusiastically."

This was the first annual meeting at which Mr. Campbell presided. He took over as president from H. K. Dent, who is now chairman. He reported the dividends will be continued at $1.25 quarterly, saying "I have not made any comment regarding our dividend policy, which has been largely dictated by my predecessor and his associates. My report recommended that we continue the rather low dividend." Over the last 15 years there has not been a stockholders meeting at which the low dividend policy of General has been questioned, Mr. Campbell said.

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He showed the stockholders a tabulation showing that total assets of General America Corp. in the last 10 years have increased $109,411,000, capital and surplus have gone up $30,648,000, invested capital increased $83,049,000, investment income increased $2,518,000, earnings per share (investment income) went up $21.27 and liquidating value went from $132.98 to $433.19.

"I have been a small stockholder, employe and observer for the past eight years and at times have felt that some of the stockholders felt the management was mad or just ornery about the dividend matter," Mr. Campbell remarked. "I thought it only fair to show that we have not been arbitrary about it. This company has enjoyed the greatest growth of any stock insurance company in America during any 10-year period. It is our feeling that during these inflationary times, when we are growing so rapidly, we should do as we have done, plow back your earnings so that we may absorb our growth and increase the investment account to a much larger degree than would it have been possible had we paid larger dividends."

Worcester Mutual Had $600,000 Loss From Tornado in Home City

Worcester Mutual Fire last year had a 9.3% reduction in its surplus, which President M. M. Rowe said he believes is modest in the face of the net tornado loss of more than $600,000 the company had to withstand in its home city.

Assets increased from $8,717,056 to $8,919,482. The new surplus is $3,633,560.

The tornado of June 9 was the highlight of 1953 operations. Worcester Mutual had about 1,250 individual losses under fire policies and nearly 300 under automobile. The gross amount of these losses was $2½ million, and after reinsurance recovery the company had a $600,000 loss.

Direct premiums written last year were $4,883,892, a gain of 14½%. Unearned premium reserve is $454,830.

Oklahoma Board Rejects Windstorm, Hail Revisions

Oklahoma insurance board has rejected a proposal by Oklahoma Inspection Bureau to revise rates for windstorm and hail damage. Deadline for the board's action had been March 4 and the new rates would have gone into effect at that time if the board had not acted.

The bureau's plan included a reduction of windstorm and hail cost from 40 to 34 cents per $100 and inclusion of an optional $50 deductible in the policy. Cost of coverage without the deductible would have gone up from 40 to 46 cents per $100.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago, March 2, 1954.

	Div.	Bid	Asked
Aetna Casualty	3.00*	140	140
Aetna Fire	2.40	58	59½
Aetna Life	2.50*	105	107
Agricultural Insurance	1.60	31	32
American Equitable	1.70	32	33
American Auto	2.00	52	54
American, (N. J.)	1.10	27	28
American Motorists (New)	.48	8	9
American Surety	3.00	60	62
Boston	1.40	35½	36½
Camden Fire	1.10*	25	26
Continental Casualty	2.60	109	111
Crum & Forster Com.	1.60	48½	50
Federal	.60	31	32
Fire Association	2.10	47½	48½
Fireman's Fund	1.80	57¼	58¼
Firemen's (N. J.)	1.00	28	29
General Reinsurance	1.60	43½	45
Glens Falls	2.00	64	66
Globe & Republic	.80	15½	16½
Great American Fire	1.60	33	34
Hartford Fire	3.00	188	192
Hanover Fire	1.80	39½	40½
Home (N. Y.)	2.00	41	42
Ins. Co. of No. America	2.25*	93	94½
Maryland Casualty	1.20	31	32
Mass. Bonding	1.50*	35	36
National Casualty	1.50*	30	32
National Fire	3.00	82½	84
National Union	2.00	46	47
New Amsterdam Cas.	1.50	46½	47½
New Hampshire	2.00	44	45½
North River	1.20	30	31
Ohio Casualty	1.55*	67	70
Phoenix, Conn.	3.40	102	103½
Prov. Wash.	1.50*	28½	29½
St. Paul F. & M.	1.00	40½	41½
Security, Conn.	1.70*	36	37
Springfield F. & M.	2.00	49	50
Standard Accident	1.60	49	50½
Travelers	17.00*	995	1010
U. S. F. & G.	2.00	70½	72
U. S. Fire	1.80	42½	44

*Includes extras.

PEARL AMERICAN GROUP

19 RECTOR ST., NEW YORK 6, N.Y.

CLEVELAND	CHICAGO	CINCINNATI	SAN FRANCISCO	PHILADELPHIA
320 Bulkley Bldg.	175 W. Jackson Blvd.	1423-1424 Carew Tower	369 Pine Street	330 Walnut St.

Pearl Assurance Company, Ltd. (United States Branch)

19 Rector Street, New York 6, New York

FINANCIAL STATEMENT—December 31, 1953

Assets

*Bonds		
Government	$9,410,843.73	
Railroad	406,006.58	
Public Utilities	134,176.61	
Industrial and Miscellaneous	427,033.57	$10,378,060.49
*Stocks		
Railroad	$ 126.000.00	
Public Utilities	3,117,269.00	
Bank and Insurance	2,831,275.98	
Industrial and Miscellaneous	1,215,150.00	7,289,694.98
Cash and bank deposits		1,656,647.80
Premium balances receivable not more than 90 days past due, less reinsurance premiums due to other companies		968,635.63
Reinsurance recoverable on paid losses due from other companies		992.255.70
Other admitted assets		111,376.27
Total Admitted Assets		$21,396,670.87

Liabilities

Unearned premium reserve		$10,985,093.14
Losses in process of adjustment		1,628,885.00
Reserve for taxes		277,993.61
Reserve for all other liabilities		656,495.02
Statutory Deposit	$ 500,000.00	
Surplus	7,348,204.10	
Surplus to Policyholders		7,848,204.10
TOTAL		$21.396,670.87

*Valuations on basis approved by National Association of Insurance Commissioners. Securities carried at $965,684.65 are deposited as required by law.

The Eureka-Security Fire and Marine Insurance Company

Corporate Office: 1423-4 Carew Tower, Cincinnati 2, Ohio
Chief Office: 19 Rector Street, New York 6, New York

FINANCIAL STATEMENT—December 31, 1953 (New York Basis)

Assets

*Bonds		
Government	$9,929,677.28	
Political Subdivisions of States	99,046.47	
Railroad	361,236.75	
Public Utilities	133,876.37	
Industrial and Miscellaneous	385,000.10	$10,908,836.97
*Stocks		
Railroad	$ 30.000.00	
Public Utilities	2,919,752.00	
Bank and Insurance	719,539.85	
Industrial and Miscellaneous	595,497.98	4,264,789.83
Cash and bank deposits		711,005.70
Premium balances receivable not more than 90 days past due, less reinsurance premiums due to other companies		173,586.33
Reinsurance recoverable on paid losses due from other companies		482,918.86
Other admitted assets		92,472.53
Total Admitted Assets		$16,633,610.22

Liabilities

Unearned premium reserve		$ 9,454,645.43
Losses in process of adjustment		1,432,762.00
Reserve for taxes		247,872.46
Reserve for all other liabilities		220,961.41
Capital	$1,000,000.00	
Surplus	4,277,368.92	
Surplus to Policyholders		5,277,368.92
TOTAL		$16.633,610.22

*Valuations on basis approved by National Association of Insurance Commissioners. Securities carried at $676,781.60 are deposited as requred by law.

Monarch Fire Insurance Company

Corporate Office: 320 Bulkley Bldg., Cleveland 15, Ohio
Chief Office: 19 Rector Street, New York 6, New York

FINANCIAL STATEMENT—December 31, 1953 (New York Basis)

Assets

*Bonds		
Government	$3,243,000.92	
Political Subdivision of States	49,523.22	
Railroad	140,381.71	
Public Utilities	17,726.33	
Industrial and Miscellaneous	169,000.92	$ 3,619,633.10
*Stocks		
Railroad	$ 21,700.00	
Public Utilities	1,048,474.00	
Bank	189,612.00	
Industrial and Miscellaneous	358.486.00	$ 1,618,272.00
Cash and bank deposits		433,203.12
Premium balances receivable not more than 90 days past due, less reinsurance premiums due to other companies		—2,021.32
Reinsurance recoverable on paid losses due from other companies		239,518.61
Other admitted assets		29,828.69
Total Admitted Assets		$ 5,938,434.20

Liabilities

Unearned premium reserve		$ 2.887.834.99
Losses in process of adjustment		428,217.00
Reserve for taxes		72,761.21
Reserve for all other liabilities		58,822.32
Contingency reserve	$ 41,334.10	
Capital	819,336.00	
Surplus	1,630,128.58	
Surplus to Policyholders		2,490,798.68
TOTAL		$ 5.938.434.20

*Valuations on basis approved by National Association of Insurance Commissioners. Securities carried at $317,632.32 are deposited as required by law.

Insurer Gets Preferred Claim on Employe's Group Payments to Bankrupt Employer

SAN FRANCISCO—An insurer's claim for payment of an employe's group insurance contribution in the hands of a bankrupt employer has preferred status, coming before even state or federal tax claims, Judge Goodman has ruled in the U. S. district court at San Francisco.

"This decision is one of precendent value and of interest to all insurance companies doing a group insurance business," observed J. Richard Glade, attorney California-Western States Life, the insurer and claimant in the case.

"In preparing this matter for litigation we were impressed by the absence of any direct authority on the point involved and our research has been confirmed by other people interested in this problem," he said.

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The outcome is regarded as being of particularly timely interest because of the likelihood that in the current economic readjustment there may be quite a few bankruptcy cases involving employes' group insurance contributions that have been withheld from wages but not turned over to the insurer. An especially interesting point in the California case was the judge's disposition of the bankruptcy trustee's argument that the employe's assignment of wages to pay premiums was not a bona fide assignment, since in the absence of a voluntary plan it would have been necessary to pay the state fund. The judge ruled against this contention on the ground that the employer might have paid the premiums if he had wanted to, in which case there would have been no compulsion on the employe to pay anything.

The specific question involved the matter of employe contributions to premiums for group disability insurance coverage provided by California-Western States Life under the California unemployment insurance act. The employer, Manford William Ross, became involved in a bankruptcy proceeding without having transmitted to the insurer the premiums due it for the coverage during a specific period of time. The entire premium was being paid by the employes by way of payroll deductions made by the employer.

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Regarded as perhaps the most outstanding feature of the court's decision was the ruling that the insurer was entitled to receive this premium as a priority claim giving it the same preferred status as the claim of an employe for unpaid wages. This priority comes ahead of that given the federal and state governments for unpaid taxes and will generally insure the receipt of such a premium if the bankrupt estate has any assets at all. The sole limitations placed on this priority is that it applies only to those deductions made within 90 days prior to the filing of the bankruptcy petition.

California-Western States had petitioned for a review of the order of the referee in bankruptcy, who had disallowed priority for a claim that the insured had filed against the bankrupt estate as the assignee of a wage claimant. The issue was submitted to the court, as it was to the referee, upon an agreed statement of facts.

The insurer stated that it is settled law that a bona fide assignee of a wage claim is entitled to the same priority of payment as the wage earner and it is also clear, under California law, that an effective assignment may be made of wages to be earned under an existing employment. Wage assignments, in the form of requests to employers to make deductions for the payment of disability insurance premiums, are expressly recognized by statute.

"Nevertheless, it is the trustee's contention, sustained by the referee, that the consent of the bankrupt's employes to wage deductions for the payment of the disability insurance premiums did not constitute an assignment carrying with it wage-claim priority," the judge said. "The basis for this contention is the trustee's assumption that in the absence of the employes' consent to the deductions the California unemployment insurance act would have required the same deductions to have been made and paid to the state unemployment compensation disability fund.

"The trustee contends that under these circumstances, the bankrupt's employes had insufficient control over

(CONTINUED ON PAGE 20)

Why compulsory auto insurance is bad for *you!*

Let's look at the record

Twenty-seven years ago Massachusetts enacted a compulsory automobile liability insurance law. Since then Legislative Commissions and Councils of 21 states and many other Legislative Committees have studied compulsory insurance. All rejected it.

But 44 states, including New York, adopted the voluntary approach of the *Safety Responsibility Law*. Why have the states rejected compulsory insurance? Some typical official reports from the states give us the answer.

"Increase in . . . insurance rates"

The *Maryland* Commission, after studying the Massachusetts experience, reported to the State Assembly:

"Compulsory insurance will bring about an increase in the present motor vehicle liability insurance rates in Maryland resulting from the undesirable risks which the insurance companies may be required to accept . . .

"Financial responsibility laws . . . tend to decrease the automobile accident toll and promote safety by providing for the revocation of the motor vehicle licenses of the reckless and financially irresponsible motorist without penalizing the motorist who conforms to all safety regulations."

Compulsory insurance—not a safety measure

The *Virginia* Advisory Legislative Council stated in 1953:

"Although compulsory insurance is advocated as a safety measure, it has not proved to be. Records in Massachusetts, the only compulsory insurance state, do not indicate any improvements in safety. The state with compulsory insurance has less coverage above the minimum than states having a safety responsibility type of law.

"Actual coverage of residents in Massachusetts is not 100% because of evasion of the law, and the compulsory insurance law does not affect the non-resident."

"Not in the public interest"

In 1953, the *Wisconsin* Legislative Council reported:

"A compulsory law will increase insurance rates for everyone . . ."

"A compulsory law does not provide protection in all instances . . ."

"The adoption of a compulsory liability law in view of the many objections, is not in the public interest."

"Political football"

In a 1951 report, the *New York State* Insurance Department said:

"It is incontrovertible that the enactment of compulsory automobile insurance in Massachusetts gave birth to a political football. It is also incontrovertible that automobile insurance rate-making has been tied into political campaigns in that state."

The compulsory insurance proposal will not cover you against the following kinds of losses:

1. **Uninsured out-of-state drivers causing you loss in New York State.**
2. **Uninsured drivers causing you loss outside New York.**
3. **Stolen car drivers causing you loss anywhere. (Any persons driving without permission of the owners.)**
4. **Drivers operating illegally without insurance causing you loss in New York State.**

VOLUNTARY PLAN BEST

We now have on the books a Safety Responsibility Law. Mark the word "safety"! Under it thousands of unfit drivers have been removed from the road. The compulsory insurance bill would repeal the Safety Responsibility Law. *Don't repeal that law!*

The voluntary plan offered by casualty insurance companies *extends* the Safety Responsibility Law—provides you *more* protection against uninsured motorists and covers the four listed kinds of accident losses *not* covered by the compulsory proposal.

Why choose the compulsory way when the better voluntary way is open?

For the facts on both plans write for your copy of an authoritative booklet to: **ASSOCIATION OF CASUALTY & SURETY COMPANIES**
60 JOHN STREET, NEW YORK 38, NEW YORK

Fireman's Fund Revises Its A&H Policies

A complete new program of A. & H. insurance, including new policy forms, simplified policy writing, applications and daily reports, and a complete 36-page "Production For Profit" kit to aid producers in the sale of A. & H., has been brought out by Fireman's Fund group.

Benefits of the five A. & H. policies previously written by Fireman's Fund are now incorporated in only three policies. The new "Production For Profit" sales kit outlines complete plans for "package" and "tailormade" sales, details of coverage, benefits, advertising and direct mail techniques, points to use when sales resistance is encountered and other facts. The kit also contains samples of more than a dozen mailing and visual-aid pieces.

A simplified and more concise application has been designed. The new form contains 9 questions instead of the previous 14, and 25 rather than 40 separate parts to be answered. A yes and no checkoff eliminates writing in complete answers. The policies are on a schedule form allowing easier selection of coverage, simplified policy language and selection of benefits.

In the new accident policy, an insured who suffers the loss of both hands, both feet, or the sight of both eyes, will receive a sum equal to 208 times the weekly indemnity rather than the previous 200 times, and if the insured is alive after 208 weeks, the company will continue to pay weekly indemnity for life. In the case of other dismemberments, the insured will now receive a specified amount, and after the time such loss represents, if he continues to be totally disabled, he will receive weekly indemnity so long as the total disability exists.

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The sickness policy has been revised to give broad coverage on a selective basis. Non-house confining illness coverage may be obtained for both employed men and women for a period of 52 weeks or 104 weeks, as desired. There is also a house-confining coverage for either 52 orl 40 weeks, and this benefit has been broadened to provide that house confinement shall not be terminated because of visits to a hospital, doctor or doctor's office for treatment.

The hospital and surgical expense policy has been revised so that one policy may be used for either an individual or a family. Hospital expense for room and board for either accident or sickness may be covered from $6 per day to $15 per day. The amount is payable to 10 0days. Recurrence provision have been eliminated, and each confinement for the same condition is now considered a separate loss.

In the revised miscellaneous hospital expense coverage, emergency or first-aid treatment for injuries is now provided. A schedule of surgical benefits may be selected in amounts ranging from $200 to $500, and provision is now made for operations not shown in the schedule. A part of this new surgical schedule is that in the event of multiple injuries from one accident, the largest surgical fee listed will be paid in addition to 50% of the amount specified for other operations performed as the result of the same injury.

Sun Names Candler

Randolph P. Candler has been appointed special agent in Virginia, Maryland and North Carolina by Sun group. He will assist State Agency J. McG. Miller.

FINANCIAL STATEMENT

DECEMBER 31, 1953

AMERICAN AUTOMOBILE INSURANCE COMPANY

ASSETS		LIABILITIES	
Cash in Banks and Offices	$ 7,935,381.02	Reserve for Unearned Premiums	$24,725,937.89
U. S. Government Securities	39,350,704.92	Reserve for Losses and Loss Adjustment Expenses	26,052,296.55
Canadian Government Securities	1,402,576.87	Reserve for Taxes	3,450,051.67
State and Municipal Securities	8,544,670.44	Reserve for Expenses and Other Liabilities	1,389,490.85
Preferred Stocks	416,000.00	Total Liabilities, except Capital	$55,617,776.96
Common Stocks, except Subsidiaries	3,018,569.60	Capital Stock . . $ 2,500,000.00	
(Valuations on basis prescribed by National Association of Insurance Commissioners)		Surplus 27,580,297.93	
Stocks of Subsidiaries	18,239,020.90	Surplus as regards Policyholders	30,080,297.93
Real Estate	256,648.60		
Agents' Balances (less than 90 days old)	6,283,772.96		
Accrued Interest and Miscellaneous Assets	250,729.58		
Total Admitted Assets	$85,698,074.89	Total	$85,698,074.89

Securities carried at $3,712,421.75 in the above statement are deposited for purposes required by law.

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ASSOCIATED INDEMNITY CORPORATION

(WHOLLY OWNED BY AMERICAN AUTOMOBILE INSURANCE COMPANY)

ASSETS		LIABILITIES	
Cash in Banks and Offices	$ 953,655.02	Reserve for Unearned Premiums	$ 836,473.46
U. S. Government Securities	11,099,275.60	Reserve for Losses and Loss Adjustment Expenses	8,391,285.00
State and Municipal Securities	2,328,079.66	Reserve for Taxes	821,032.40
Preferred Stocks	1,046,200.00	Reserve for Policyholders' Dividends Declared	804,949.73
Common Stocks	3,547,409.00	Reserve for Expenses and Other Liabilities	175,159.21
(Valuations on basis prescribed by National Association of Insurance Commissioners)		Total Liabilities, except Capital	$11,028,899.80
Real Estate	296,515.23	Capital Stock . . . $1,000,000.00	
Agents' Balances (Less than 90 days old)	925,342.75	Surplus 8,264,553.92	
Accrued Interest and Miscellaneous Assets	96,976.46	Surplus as regards Policyholders	9,264,553.92
Total Admitted Assets	$20,293,453.72	Total	$20,293,453.72

Securities carried at $5,340,137.84 in the above statement are deposited for purposes required by law.

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AMERICAN AUTOMOBILE FIRE INSURANCE COMPANY

(WHOLLY OWNED BY AMERICAN AUTOMOBILE INSURANCE COMPANY)

ASSETS		LIABILITIES	
Cash in Banks and Offices	$ 998,895.40	Reserve for Unearned Premiums	$10,075,677.82
U. S. Government Securities	13,844,509.74	Reserve for Losses and Loss Adjustment Expenses	1,264,175.00
Canadian Government Securities	106,962.48	Reserve for Taxes	1,288,702.64
State and Municipal Securities	2,558,937.04	Reserve for Policyholders' Dividends Declared	None
Preferred Stocks	1,395,000.00	Reserve for Expenses and Other Liabilities	1,182,944.61
Common Stocks	1,196,566.00	Total Liabilities, except Capital	$13,811,500.07
(Valuations on basis prescribed by National Association of Insurance Commissioners)		Capital Stock . . . $1,200,000.00	
Agents' Balances (Less than 90 days old)	2,540,096.91	Surplus 7,774,466.98	
Accrued Interest and Miscellaneous Assets	144,999,48	Surplus as regards Policyholders	8,974,466.98
Total Admitted Assets	$22,785,967.05	Total	$22,785,967.05

Securities carried at $571,677.46 in the above statement are deposited for purposes required by law.

AMERICAN-ASSOCIATED INSURANCE COMPANIES • SAINT LOUIS 2, MISSOURI

AMERICAN ASSOCIATED INSURANCE COMPANIES

New England Makes Field, Loss Changes

New England Ins. Co.'s casualty and bond division has appointed Eugene T. Donovan special agent in Hampden county, Mass., and in Connecticut, where he will assist Agency Superintendent George T. O'Donnell; Joseph J. D'Ascoli of the head office underwriting staff to the Syracuse, N. Y., service office as a casualty underwriter to work with Donald A. Eells, and William O. Bellows, claims adjuster with headquarters in the head office.

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Mr. Donovan joined the Springfield group in 1949. In 1953 he was graduated from the group's school. Mr. D'Ascoli has had several years experience in underwriting workmen's compensation and general liability lines. Mr. Bellows has been in the claims department since last May.

New England's loss prevention department has added Edwin J. Purvis at Pittsburgh and Leon C. Prevatt at Providence. Both will do accident prevention work in the casualty and bond division.

Mr. Purvis was with a shipbuilding company in Pittsburgh and has three years of safety engineering experience. Mr. Prevatt has five years safety engineering experience.

Stecher, Sterling Shifted by N. Y. Underwriters

John G. Stecher, special agent in eastern Massachusetts and Rhode Island, has been appointed associate state agent for Virginia. He will be succeeded by James S. Sterling, Jr.

After finishing an extensive training course in the home office, in 1951 Mr. Stecher was appointed special agent in the eastern department. In his new position he will be associated with State Agent L. P. Frazer in western Virginia, with offices at Roanoke.

Mr. Sterling has worked in several departments at the home office. He will have offices with State Agent C. F. Campbell at 40 Broad street, Boston.

Has Flood Cover Bill

WASHINGTON—To support his proposal that the government establish a system of flood insurance, Rep. Bolling of Missouri has inserted in the *Congressional Record* appendix an article on that subject by W. B. Langbein, a U. S. geological survey hydraulic engineer, published in *Land Economics* in November, 1953. Mr. Bolling said his bill, H. R. 377, though requiring certain modifications because of events transpiring since its introduction, represents a serious attempt to meet the problem.

The Langbein article discusses flood damages, estimated as $1 billion in 1951, compared to $731 million fire damages that year. It also discusses private versus government insurance and compares federal crop insurance with a flood insurance program. It reaches the conclusion that a government experimental program on a small scale is justified.

Aetna Casualty Names Pearson, MacMeekin

Robert H. Pearson and Thomas MacMeekin, Jr., have been named to supervisory posts in the agency department of Aetna Casualty. Mr. Pearson, named supervisor of A&H production, joined the group in 1926 and served as an underwriter in the A&H department. After air force service he transferred to the casualty department and as home office representative traveled throughout the country. Mr. Pearson is a former vice-president of Aetna Life Men's Club.

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Mr. MacMeekin, appointed supervisor of fidelity and surety production, has been with Aetna Casualty since 1938. He attended the company's bond school for field men and was special agent at Newark and Cleveland. In 1946 he became superintendent of the bond department at Providence and later transferred to the home office as representative.

Impoundment Bill in Va.

A bill has been introduced in the Virginia legislature which would give the victim of an automobile accident a prime lien on the vehicle. An out-of-state vehicle that kills or injures a person on Virginia highways cannot be removed from the state without posting a bond equal to the value of the vehicle. The lien could be asserted by filing a claim with the state motor vehicle division. No bond would be required under the bill for an out of state vehicle with insurance.

Norfolk & Dedham Mutual Fire has moved into a new home office building in Dedham, N. H.

Sees Government, No-Service Insurers as Agency Threats

The two greatest dangers threatening the agency system are government encroachment in the business and companies which fail to provide facilities for servicing policyholders, E. Robert Graveline, agent for Aetna Casualty at Three Rivers, Mass., told graduates of the 139th session of Aetna Casualty sales course.

Local agencies are one of the bulwarks of the American free enterprise system, he said, and if it is to be kept intact, organizations that are strong supporters of the agency system must be supported.

Mr. Graveline was chosen to address the graduates because of his outstanding record since being graduated from the course several years ago.

He advised graduates to meet competition by using the company plan of risk and insurance analysis.

A. C. Wallace of Goshen, N. Y., whose son, Richard, was among the graduates, advocated the establishment of well-balanced agencies that promote less well-known coverages as well as writing the more popular forms.

The class was led by John W. Wilder of Cleveland. Others who won blue ribbons for high scholastic standing were B. P. Maddux of Los Angeles, W. Russell Berry of Portland, Ore., and Abe Kodish of Akron. Gold ribbon awards for outstanding skill in soliciting techniques went to Everett G. Steele of Granite City, Ill., Mr. Maddux and James W. Nugent of Providence.

Hearing on Amending Mich. Code Greeted Favorably

The Michigan senate insurance committee held a hearing last week with a view toward amending the state insurance code. Emphasis was placed on modernization of the group law, writing into the code most of the provisions of the so-called "model group act" now in force in some 20 states and placing the licensing of life and A&H agents under the same written examination requirements as now are provided for property agents.

Insurance representation at the hearing was led by Norman Wade, director of the life and fraternal division of the department; John Panchuk, chief counsel of Federal Life & Casualty of Battle Creek, and Norman Reynolds, attorney for company and agents' organizations in the area.

The only objection to the bill raised at the hearing came from a representative of Michigan small loan companies, who expressed fear that deletion of certain provisions in the present law by substitution of the model group bill would adversely affect his clients relative to interest rate charges. Senator Leo Roy, who heads the insurance committee, introduced the bill and most of the discussion was favorable to it.

Mont. Mutual Agents Elect

Montana Assn. of Mutual Agents has elected W. A. Turner, Sidney, president; M. K. Bjorklund, Glasgow, vice-president, and Mrs. Lillian Gildroy, Roundup, secretary-treasurer.

Installments for SR in N. Y.

An installment plan for paying claims arising from auto accidents has been passed by the New York senate and sent to the house.

Under the present safety responsibility law uninsured drivers must post a security deposit to cover damage claims after an accident. The amendment would permit the motor vehicle commissioner to accept, instead of the deposit, a written agreement between driver and claimant for installment payments of the claim. If the driver does not make his payments, his license and registration will be suspended.

G.A.B. Changes in W. Va.

John A. Shannon has transferred to the Charleston, W. Va., branch of General Adjustment Bureau as assistant manager. He will be succeeded as branch manager at Parkersburg, W. Va., by John H. Crooks.

Says Liquidation Order Cancels Insurance in Force

Attorney-general Edmund Brown of California has ruled that a liquidation order operates to cancel all insurance contracts then in force in the company involved and that policyholders are entitled to the return of the unearned portion of the premiums paid.

Such returned premiums are deductible from gross premiums received in that particular year in determining the amount of premium tax, the attorney-general added.

His ruling came in response to a request from California Commissioner Maloney. Even though the amount of such unearned premiums exceeds the gross amount on business written and no premium taxes are due, Mr. Brown said, the commissioner should report to the board of equilization the amount of gross premiums and returned premiums whether or not he follows the practice of making himself liquidator.

Globe & Rutgers Fire, American Home Fire and State of Pennsylvania have been elected members of *National Bureau*. This brings membership to 152 companies.

Gov. Lausche Hears Complaints, Orders A&H Probe in Ohio

A statement issued by Governor Lausche of Ohio indicates that some information has come to him regarding unethical practices in the sale of A&H insurance in that state.

At a meeting with Superintendent Robinson and Deputy Superintendent Pryatel and Director of Commerce W. Harper Annat, the governor advised them to take such action as is necessary to bring to an end any abuses existing in the sale of A&H; to ascertain the profits made by A&H companies, and draft proposed changes which would place regulation of rates in the hands of the superintendent.

The governor's directive also requested an analysis of complaints and identification of those companies around which the difficulties revolve. He would bring to an end high pressure salesmanship if and where it is found, particularly in relation to any alleged misrepresentation, and would make certain that advertising in Ohio is not misleading or deceptive in describing policy provisions and benefits.

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It was also brought to the governor's attention, he said, that Ohio citizens were being contacted by telephone in order of their appearance in telephone books and "the use of such methodical and organized methods of solicitation should be investigated and ended," he declared. "If the present laws are inadequate to achieve that objective, then the necessary changes in the laws should be procured."

"I am informed," the governor said, "that the large majority of companies writing health, accident and hospitalization insurance conduct their business in a manner relatively free from complaint, but that difficulties arise with a few that are avidly intent upon getting business through salesmanship methods frequently legal, but, nevertheless, shady. We contemplate maintaining the respect of the many honest and decent companies and salesmen, but we intend to use every power vested in the department to curb the few indulging in bad practices."

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The Ohio insurance division recently made public the names of half a dozen companies against which complaints have been made. Some in Ohio believe that the governor's directive was prompted by a series of articles unfavorable to A&H published in Scripps-Howard newspapers.

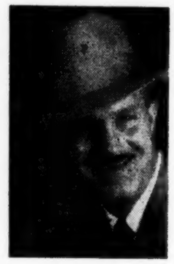
Mr. Robinson declared that the majority of complaints received by his department are against out of state companies heavily advertising A&H. He pointed out that Ohio now has one of the strictest set of statutes in the nation, and that whereas the state insurance department can revoke the licenses of companies operating in Ohio if they violate the laws, dissatisfied policyholders must proceed against outside "bootleg" organizations where they are headquartered.

"Many people," Mr. Robertson said, "are misled into purchasing worthless insurance through solicitation by certain types of radio broadcasting, the mails and newspaper advertising. So pronounced has this evil become . . . that many states, including Ohio, have passed legislation making it a heavy penalty for a newspaper to receive advertising from unlicensed companies."

The superintendent also said that many complaints stem from failure of purchasers to understand their policy contracts, or to obtain proper statements from physicians about their illnesses.

Masters, New Zealand, Succeeds W. M. Houston

New Zealand group has appointed Richard B. Masters acting manager, succeeding the late William M. Houston, U. S. manager. Mr. Masters entered the business with California Insurance Co. in 1954 and went to Security of Connecticut as city manager in 1926. Subsequently he became assistant manager of the Pacific department of that company, and in 1952 went with the New Zealand group as assistant U. S. manager.



R. B. Masters

New Milestone for State Farm

State Farm has announced that in January it was insuring its three millionth automobile. The company now figures it insures 6% of all passenger cars. In the 41 states where it does business, the record is said to be one out of every 14 cars.

Unskilled Estimates of Fire Loss Scored by C. W. Pardue

Fire officials were urged against making off-hand estimates as to amounts of damage following a fire or commenting about insurance coverages which may be involved, at the annual fire department instructors' conference at Memphis.

The speaker was Charles W. Pardue, manager at Carbondale, Ill., for Western Adjustment, who added, "Too often statements are made by fire department members concerning coverage of insurance policies when they are actually unfamiliar with the specific contract involved. The insured is led to believe coverage might exist when actually it doesn't, and not having examined the policy, the fire department official is in no position to discuss the matter.

"Thus the insured is led to believe he can recover, in many instances when coverage does not exist." Often this impetuous action on the part of a fire department official prompts a change in attitude on the part of the insured towards his local agent, insurance company and the loss adjuster, Mr. Pardue added.

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The insured is the only person in a position to make "off-the-cuff" estimates of damage because only he has the knowledge of the costs of the building or its contents, the speaker said. The loss adjuster then ascertains, after careful investigation, the validity of the insured's amount of claim.

Another speaker, Henry A. Ritgerod, assistant general agent at Little Rock, scored lack of proper understanding which, he said, has produced a number of popular misconceptions among non-industry people such as "insurance is gambling and is a racket" and "all premiums not used to pay losses constitute insurance company profits." He also said people often do not understand the principle of indemnity and why "depreciation" is a factor in loss adjustments.

Fire insurance rating bureaus, he said, through their systems of schedule rating, by which they measure the relative fire hazards of individual structures, literally produce "rates for prevention" and have been responsible for an increasing amount of higher resistive construction, improvement in municipal fire protection, development of public fire prevention activities and encouragement of firemen's training programs.

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These established rates, he said, by law are required to be adequate and not unfairly discriminatory. A half century or more ago, in an era of competitive rate making for establishment of actuarial bureaus in many states, these rating principles often were ignored to the detriment of both policyholders and companies.

Members of the fire service also are guilty of holding some misconceptions, Mr. Ritgerod said. Some do not fully understand the underlying principles of fire insurance as a business or its rate making procedures, and ignore the work of its service agencies, such as local associations and bureaus and the National Board, in fire loss control work.

A conference panel discussing the August, 1953, General Motors fire at Livonia, Mich., cautioned that buildings of such tremendous area should have divisions, walls and fire stops, and a thoroughly trained, organized plant fire department with proper alarm service. The panel member who made these recommendations was Chief Calvin Roberts of Livonia fire department, who declared that such a building should not be satisfied with "an alarm system to alert a top supervisor to see if a fire department is necessary.

Mr. Roberts also recommended that plants of this nature be completely sprinklered. "It is our belief," he said, "that the cooling effect from sprinklers would have been sufficient to prevent any roof collapse, and the fire could have been put out with chemical extinguishers or hose streams with little damage."

Moderator of the panel was Prof. J. J. Ahern, Illinois Institute of Technology, and the other participant, besides Mr. Roberts, was R. J. McAllister, chief of the Plymouth, Mich., fire department, which also fought the Livonia fire.

Another panel discussed the importance of advance planning and organization to distribute fire and rescue equipment quickly and efficiently when a tornado threatens. Leader was Dale K. Auck, director for the fire prevention division of Federation of Mutual Insurance Companies.

There is a surprising lack of fires in tornado areas, it was pointed out by the panel, because power failures remove electricity as an ignition source and high winds and rain often snuff out flames. But these power failures also stop waterworks pumps, and broken water service to homes and broken mains cause their own peculiar damage.

"*Unforeseen events* . . . need not change and shape the course of man's affairs"

Official U.S. Navy Photograph

No place for an Amateur

Not when lives are at stake. It takes an expert...on deck with the right advice, at the right time. Another kind of expert is needed to give you right advice at the right time on your insurance needs.

Your Maryland agent is such an expert. He knows how unforeseen events can cause financial ruin to your home or business. Also, he knows how to protect you with adequate insurance, *before* you have a loss. Why not check with him today?

Remember: *Because your Maryland agent knows his business, it's good business for you to know him.*

MARYLAND CASUALTY COMPANY

Baltimore 3, Maryland

There are many forms of Maryland protection for business, industry and the home. Casualty Insurance, Fidelity and Surety Bonds, and Fire and Marine Insurance are available through 10,000 agents and brokers.

Another striking advertisement to help build more business for the local agent or broker by dramatizing the importance of his knowledge and judgment.

Revised WC Policy Completes Coverage, Alger Tells Buyers

Supplemental coverages to the standard workmen's compensation and employers' liability policy were discussed by Raymond V. Alger, assistant secretary of the compensation and liability department of Travelers, at the February meeting of New York chapter of Insurance Buyers Assn.

He also briefly outlined the new revised policy which the business hopes to introduce soon. Some of the aims in this new policy are standardization, broadening the base of coverage, elimination of acceptances and the filing of them, elimination of endorsements and greater uniformity in the indication of limits under item 1-b.

The new policy has been approved in all but four states in which private insurers can write compensations and Mr. Alger said it is hoped the new policy can be introduced on a countrywide basis in a few months.

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He noted that when the standard policy was drafted it was considered to protect the employer from all claims that could be made against him by his employes under the compensation act or at law, but developments through the years have changed the situation so additional endorsements are necessary to cover the employer's obligation and to assist in maintaining good relations with his employes.

Item 1-b of the standard policy serves to protect the employer against unknown developments with respect to traumatic injuries to his employes not specified by the compensation act, such as liability cover, the loss of consortium in traumatic injuries and also the loss of hearing.

He also outlined present endorsements of occupational disease, non-occupational disease, extra-legal medical coverage, all states coverage, offshore coverage and voluntary compensation.

R. I. Mutual Makes 1953 Best Year in History

Rhode Island Mutual had the best year in its history in 1953 with assets rising to $736,595, a 26% gain, and surplus going up 11% to $227,065.

A large part of the company's improvement is attributed to Rhode Island's vehicle safety responsibility law which took effect the first of the year. The company insures more than 10,000 Rhode Island automobiles.

Primarily responsible for the results were a reduction in the incurred loss ratio of about 4%, reflecting tightened underwriting practices, and of nearly 5% in the expense ratio, resulting from improved office procedure.

R. C. Ratcliffe Retires

NEW YORK—R. C. Ratcliffe, executive assistant Royal-Liverpool group, has retired after 40 years of service. He joined the group through Newark Fire becoming its treasurer in 1924. In 1924 he transferred to New York City. He was in charge of coordination of fire companies in 1939 and was named director of personnel in 1945 and assistant office manager in 1946. He was honored at a luncheon last November marking his 40th anniversary.

Nat'l Files with SEC

National Union Fire has filed a registration statement with the SEC covering a proposed offering to stockholders of 200,000 shares of stock at $30 per share on a one for two basis. The offering is expected to commence March 19 and expire on April 19 and will be underwritten by a group headed by First Boston Corp. The company will add the proceeds to its general funds.

Production Unit for the Boston

Boston and Old Colony have established an agency and production department to supervise production of all classes of business. W. E. Stansbury, vice-president, will direct the function, assisted by H. Beach Ward, assistant secretary, William F. Bissett and James L. Brown, Jr., regional managers operating from the home office, and W. Richard Webster, regional manager operating from Albany.

The department also will be staffed by present members of the agency licensing department, brokerage and countersignature department and the advertising department.

Mr. Stansbury relinquishes supervision of casualty but will continue temporarily to supervise fidelity and surety and A&H. Eliot B. Ware, Jr., recently elected an assistant secretary, will supervise casualty underwriting. He has assisted Mr. Stansbury since the casualty division was formed.

Donald D. Tobias has acquired the insurance department of Peet Bros., Inc., Beloit, Wis., insurance and real estate agency, and is opening an agency in Beloit, handling life and fire and casualty lines.

Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Tidelands Oil—Big Values, Unknown Risk —A Challenge in Specialty Insurance

By MARY SCHIFLETT

Insurance companies have upon many occasions offered coverage on risks that were almost destined to cost them money with the feeling that, eventually, the men in that particular endeavor would learn to curb enough of the handicaps to make it a profitable venture for everyone. This was true in early automobile insurance, crop-hail insurance, and aviation insurance—which later in 1928, for example showed an 800% loss ratio.

The problem baby in insurance today is tidelands insurance. It hasn't been around really long enough for anyone to be able to make many very positive, or very negative, sounds about it. About all anyone will concede is that, if handled right, it, too, will probably be a standard form before many years more go by. Right now, some of the major insurance companies won't handle it; some want it; some have long policies with yards of exclusions their lawyers have advised them to print in black-and-white, and some have very short forms that resemble nearly gentlemen's agreements. Still other tidelands coverages goes direct to Lloyd's, London. And some of the "majors" in the oil industry don't want to be bothered with all this indecision and groping in insurance; they self-insure.

The National Underwriter correspondent at Houston prepared the accompanying article on tidelands insurance at the request of the editors after it had been suggested this was a coverage of some importance, even though its application is confined to a few states.

Several insurance men in Houston who have gained familiarity with insurance on off-shore oil drilling operatons were interviewed in the preparation of this article, as were officals of two or three of the oil companies which have become prominent in this activity.

Tidelands is a specialty form of insurance, and one that by its nature will be written through only a few agencies that are able to develop a special talent and background. However, it presents a considerable exposure and it is a business of high limits. Fire insurance companies may find this line in the next few years to be one of the sizable factors in the marine department accounts.

The U.S. Supreme Court is now reviewing briefs presented before Feb. 1 by the states of Alabama and Rhode Island, which are suing the states of Texas, Louisiana, California and Florida for an estmated $62 million in oil royalties that has been accumulated from off-shore oil operations during the time when the federal government seized the offshore rights from the Gulf coast states. The court's decision as to whether there is a case against these states will be forthcoming probably in the next few weeks. Should President Eisenhower be supported in his stand that the submerged land belongs to the states, off-shore oil activity will certainly pick up, for then the oil companies will know with whom they should deal for leases. If the court admits the suits of Alabama and Rhode Island, the activity may not come up to its otherwise expected level, but there is no doubt that operations that have been going on even during the court fight and the controversy in Congress will continue to increase.

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In Houston, some of the state domiciled companies and several of the larger general agencies are excited about tidelands coverage, however. And, oftentimes, depending on the general agency's own risk-loss ratio with its companies, these general agencies themselves tell different stories about tidelands insurance.

To give a bit of background of exactly what has been going on in the tidelands, this was the picture at the time Secretary of the Interior Douglas McKay made his tour this past fall, shortly after Congress voted the submerged land back to the ownership of the states: Secretary McKay came to Texas where were held the first sales of off-shore leases since 1947. High bidder was Stanolind Oil & Gas Co. which bid $329,300 for four leases, three miles off shore. Other bids ran high, but some—for submerged land in which no exploration as yet has disclosed any hint of oil—leased for as little as $6 an acre.

Then in December, Texas leased more than 500,000 additional acres. All of this shows the activity to expect, just from the one state of Texas.

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Next, take Louisiana. In spite of the fact that during the national controversy Texas came up for mention more often, actually so far most of the drilling has been off the coast of the Pelican state. There 244 wells drilled off Louisiana up until September 1, 1953, and 16 off Texas.

Now that such activity is underway, Georgia—which knows really of no oil off her shore—has posted a $100,000 prize for the first tideland oil well discovered off its coast. And in Maryland, there is talk of drilling deeper in the state's ocean front than was drilled about a decade ago on three test wells. There is some drilling off the coasts of Florida and California, also.

And all these figures, from government reports, are increased sharply after the September 1, 1953, dateline, for Congress passed the law returning the land to the states and gave impetus to some companies which had been delaying drilling, pending the decision.

Economics—the high cost of drilling in water on the ocean floor—also is a stumbling block to companies which might otherwise want to drill for oil offshore. The cost is so high because of drilling equipment and barges which are extremely expensive. Several oil company engineers have estimated that the cost of finding and drilling for oil in the tidelands will cost anywhere between 3 and 10 times the amount similar operations would cost on land. That is one factor to consider, insurance-wise, for it means that few people drilling are "wildcatters" or "independents". Most of the people are actually huge corporations which not only can afford any loss they might incur, but may actually be in the tidelands as "loss" proposition, taxwise.

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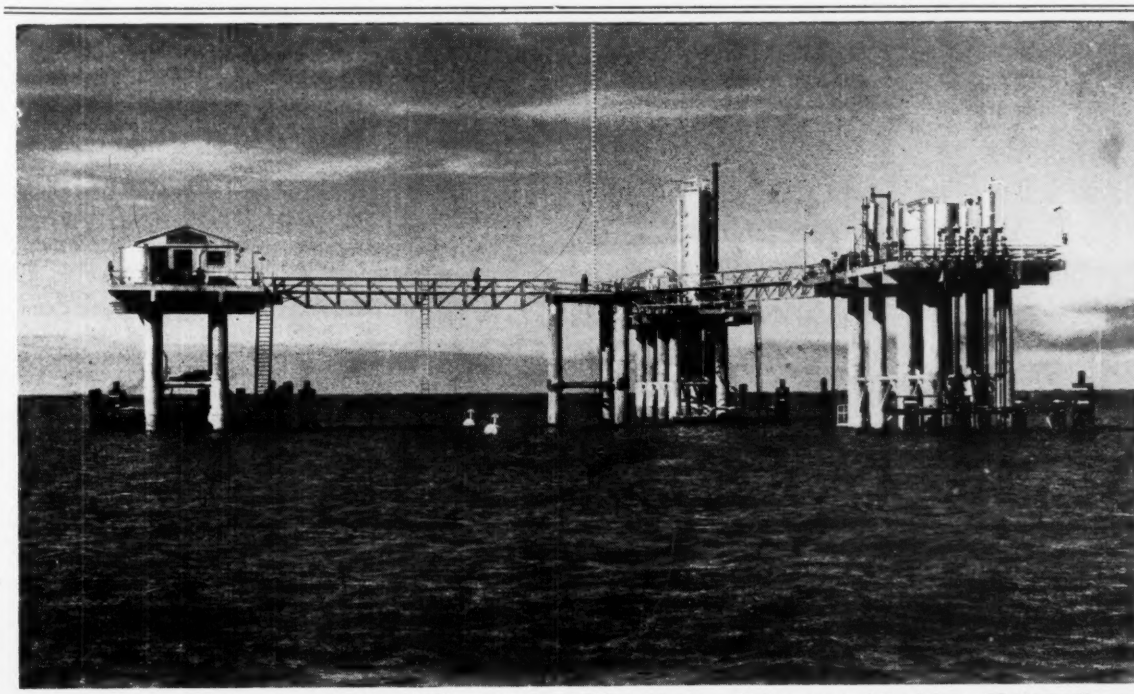
Until recently, there was only one wildcatter in the tidelands with any sizable operation. In the main, the offshore operations have been left to those who can ante-up $1 million or more for a drilling platform, and spend up to $1½ million per tidelands well.

The names of those in the tidelands today include California Co., Shell, Cities Service, Phillips Petroleum, Sun Oil, Humble, Stanolind, Pure Oil, Ohio Oil, Kerr-McGee, Magnolia, Continental, Superior, Tidewater, and a few others.

These companies can afford the

(CONTINUED ON PAGE 28)



One of the new "T"-shaped production platforms in the Gulf of Mexico, off the coast of Louisiana. Photograph courtesy of Shell Oil.

Insurer Gets Preferred Claim on Employe Group Payment to Bankrupt Employes

(CONTINUED FROM PAGE 10)

the disposition of this portion of their wages to make an assignment which would carry with it wage-claim priority. No authority is tendered in support of this theory. In my opinion, it cannot legally be sustained.

"By entering into the voluntary plan of disability insurance, the bankrupt's employes made an enforceable assignment of a portion of their wages to the claimant. This is so regardless of what disposition of this portion of their wages might have been required by California law had they not made the assignment. That which they assigned was a portion of their wages even though California law may have limited the purposes for which such portions might be used. The debt of the bankrupt was incurred for services which they rendered, not for insurance benefits. As the Supreme Court pointed out in Shropshire, Woodliff & Co. vs. Bush [204 U. S. 186 (1907)], the character of debts which have priority under the bankruptcy act is fixed when they are incurred.

"Moreover, the trustee incorrectly assumed that had the bankrupt's employes not consented to the deductions under the voluntary plan, they would necessarily have been required by the California unemployment insurance act to have contributed a like amount of their wages to the state unemployment compensation disability fund. Section 456 of the California unemployment insurance act provides that an employer may, but need not, assume all or part of the cost of a voluntary plan. Had the bankrupt's employes been unwilling to consent to the wage deductions, he might have agreed to assume the cost of the voluntary plan. Had he done so, his employes would have had complete freedom of disposition of the portion of their wages which they assigned to claimant.

"The referee was in error in sustaining the trustee's objection to the allowance of claimant's priority claim, and his order is reversed."

Agency Cost Surveyed by 'Hartford Agent'

A survey to determine the worth of office equipment in the problem of reducing the cost of business production for the local agent is being made by *The Hartford Agent*. A questionnaire is going out to agents asking the premium volume of the agency, number of active accounts, number of personnel and data on office equipment, furniture and fixtures, accounting system and floor space in the agency.

The information will be developed into a series of articles to inform agents of savings or waste caused by the use of various office machines and equipment.

Pearl Changes in W. Va., N. C. and Va.

Pearl-American group has changed field supervision in North Carolina and West Virginia.

E. R. Lightfoot, who has been special agent in West Virginia, has been transferred to Greensboro, N. C., as state agent for that state. State agent R. L. Cochran, who heretofore has been in charge of both Virginia and North Carolina, will confine his work to Virginia.

William H. Farne has been made special agent in West Virginia with headquarters at Charleston to succeed Mr. Lightfoot in that state. He is a former local agent and more recently was a special agent in southern West Virginia for Scottish Union & National.

Toledo Council to Give Student Driving Award

An award to encourage safe driving by high school students has been inaugurated in Toledo by Toledo Casualty Insurance Claim Managers Council. The $100 will go to the high school in which the students compile the best safe driving record for the year. The award will be made next January.

The winning school will be determined by computing an average from juvenile court records. The award will be limited to high schools in Toledo only, until the plan gets underway.

The council has elected Thomas M. Shea of Michigan Mutual president, Jack DeArment of Royal Indemnity vice-president, and Robert N. Opp of Liberty Mutual secretary.

Hudson County I-Day Held

Hudson County (N.J.) Assn. of Insurance Agents had its I-Day in Jersey City. An educational program was held.

SASKATCHEWAN

Gov't Auto Fund Tries to Get out of Hole by Selling Less for More

In announcing Saskatchewan government compulsory automobile rates for 1954, Provincial Treasurer Fines said the government had hoped last year's increases would yield sufficient extra revenue to reduce the $1,600,000 deficit the government fund had as of last April 1. But the 10% increase in accidents in 1953 coupled with rising costs of repairs resulted in an increase of $1 million in claims, bringing the 1953 total to approximately $5 million.

Mr. Fines said the plan "about paid its way in 1953." He estimated the 1954 increases would bring in an additional $2 million in revenue.

The increases range up to 50%, depending on age of car, and average about 25%. With the increase in rates the deductible is doubled to $200 on property damage liability and physical damage. The increases come on top of 1953 increases that ranged up to 100%.

Premiums on new passenger cars, with 1953 and 1952 rates in parenthesis, are: models 1932 and older $6 ($5 and $4.50); 1933, $6 ($8 and $6); 1937 to 1945, $15 ($12 and $8); 1946 to 1948, $20 ($16 and $10) 1949 to 1952, $25 ($20 and $10); and 1953 to 1954, $30 ($20).

The passenger car package policy premium for other than compulsory will remain at $25, Mr. Fines announced, but instead of filling in the deductible gap in compulsory coverage from $25 to $100, it will cover from $50 to $200 under the new arrangement.

• • •

Increased compulsory premium rates bring the combined cost of government insurance to about the same level as private companies charge for standard coverage with everything the government offers except the accident compensation feature with its schedule of benefits payable to all injured persons regardless of fault.

The compulsory rate on a 1954 Ford will be $30. The package policy will cost $25, and $2 of the $3 driver's licenses fee is earmarked for insurance. These charges for one licensed driver total $57.

Mr. Fines declared that accident repeaters and those with poor driving records will be penalized under both the compulsory and the package policy insurance. As in the past, compulsory insurance penalties will be imposed through surcharges for driver's licenses. These will be increased to range from $10 to $50 and up, he said.

Surcharges already have been made on package policy coverage on fleets of vehicles, Mr. Fines said. These now will be assessed against individuals with poor records. The $25 package policy on passenger cars will be a basic premium. Those who have been surcharged or involved in an accident in the last three years will have to pay a higher rate.

"Some people will be refused package policies altogether," Mr. Fines declared. "This is to protect the good driver from having to pay excessive premiums."

Changes in farm truck compulsory insurance rates are not as drastic. Mr. Fines said that this was because the accident experience in this class of business had been better.

Companies Results on 1953 Operations

Surplus in the following reports refers to surplus to policyholders.

All-American—Assets, $852,852, incr., $29,886; res., $112,190; unearned prem., $161,459; capital, $351,500; surplus, $563,592, decr., $5,303.

	Premiums Earned $	Losses Incurred $
Fire	5,919	5,504
Extended coverage	1,863	2,425
Inland marine	519	77
Accident and Health	2,564	1,995
Liability (not auto)	998	
Auto liability	52,309	32,892
Auto PDL	28,582	8,852
Auto phys. dam.	117,878	48,339
Class	713	138
Burglary, theft	315	
Auto Med. Pay.	1,449	1,555
Total	213,108	101,777

Alliance Mutual Casualty—Assets, $2,916,094, incr., $461,656; loss res., $631,492; unearned prem., $1,157,815; surplus, $886,456; incr., $232,099.

	Premiums Earned $	Losses Incurred $
Fire	37,932	12,569
Extended coverage	17,488	17,905
Torn., wind (ex. crops)	504	722
Accident	4,355	—208
Health & Polio	68,991	13,310
Workmen's comp.	45,053	40,024
Liability (not auto)	32,257	3,204
Auto liability	611,631	351,252
Auto PDL	415,092	172,651
Auto phys. dam.	1,031,900	451,276
P.D. (not auto)	10,307	5,998
Fidelity	4,048	—1,463
Surety	1,607	250
Class	11,276	5,273
Club Livestock	844	—155
Excess Catastrophe	4,974	4,455
Total	2,298,259	1,077,063

Allied Mutual Casualty—Assets, $9,512,469, incr., $1,115,529; loss res., $1,994,192; unearned prem., $3,561,378; guaranty fund, $500,000; surplus, $3,009,566, incr., $503,187.

	Premiums Earned $	Losses Incurred $
Fire	4,599	259
Extended coverage	2,430	1,304
Workmen's comp.	556,379	345,331
Liability (not auto)	524,901	151,085
Auto liability	2,013,643	1,003,229
Auto PDL	1,530,997	675,633
Auto phys. dam.	2,459,057	1,240,217
P.D. (not auto)	65,349	15,292
Class	22,724	10,174
Burglary, theft	36,782	7,241
Catastrophe & Casualty	14,778	12,045
Total	7,231,344	3,461,816

American Alliance (Merged with Great American Dec. 31, 1953.)—

	Premiums Earned $	Losses Incurred $
Fire	4,871,760	2,323,180
Extended Coverage	1,045,582	662,070
Torn., wind (ex. crops)	71,171	35,253
Sprinkler and water dam.	28,064	4,890
Expl., riot, civil comm.	4,453	—135
Earthquake	22,663	—211
Crop-Hail	478,041	299,561
Ocean Marine	301,242	205,737
Inland Marine	612,516	264,559
Multiple Line N.O.C.	5,020	260
Aircraft Phys. Damage	22,622	15,915
Accident	4,097	1,476
Health	433	165
Group A. & H.	258	61
Workmen's Comp.	86,705	48,170
Liability (not auto)	56,681	22,305
Auto liability	471,685	260,899
Auto PDL	239,829	135,957
Auto phys. damage	1,617,488	719,464
P.D. (not auto)	12,900	5,458
Fidelity	6,619	2,445
Surety	12,245	3,565
Glass	7,148	2,675
Burglary, theft	13,126	4,849
Boiler, machinery	37	
Total	9,992,385	5,018,568

American Bonding—Assets, $3,615,307, incr., $29,632; capital, $1,000,000; surplus, $3,094,229, incr., $89,521.

American General, Minneapolis—Assets, $627,784, incr., $384,682; loss res., $26,602; unearned prem., $320,835; capital, $200,130; surplus, $256,599, incr., $117,678.

	Premiums Earned $	Losses Incurred $
Fire	179	
Extended coverage	124	
Inland marine	510	
Auto liability	47,020	8,617
Auto PDL	26,275	10,182
Auto phys. dam.	201,586	80,951
Total	275,694	99,750

American Mutual Reinsurance—Assets, $4,328,705, incr., $255,973; loss res., $343,890; unearned prem., $801,825; surplus, $2,150,000, incr., $300,000.

	Premiums Earned $	Losses Incurred $
Fire	176,102	159,625
Extended coverage	45,763	64,505
Torn., wind (ex. crops)	7,763	3,996
Sprinkler and water dam.	647	422
Expl., riot, civil comm.	—13	16
Earthquake	—2	
Inland marine	4,516	481
Auto phys. dam.	3,752	2,793
Excess of loss reins.	891,309	483,020
Total	1,129,837	714,858

American National Fire, N. Y.—Assets, $8,158,356, incr., $427,337; loss res., $581,060; unearned prem., $3,085,276; capital, $1,000,000; surplus, $4,163,082, incr., $210,671.

	Premiums Earned $	Losses Incurred $
Fire	1,623,920	773,821
Extended coverage	348,527	220,723
Torn., wind (ex. crops)	23,724	11,717
Sprinkler and water dam.	9,355	1,613
Expl., riot, civil comm.	1,484	—45
Earthquake	7,554	—70
Crop-Hail	159,347	99,854
Inland marine	204,172	88,186
Multiple Line N.O.C.	1,673	86
Aircraft phys. dam.	7,541	5,305
Accident	1,366	475
Health	144	62
Group A. & H.	86	20
Workmen's Comp.	28,902	16,056
Liability (not auto)	18,894	7,360
Auto Liability	157,228	87,017
Auto PDL	79,943	45,286
Auto phys. damage	539,163	240,154
P.D. (not auto)	4,300	1,782
Fidelity	2,206	832
Surety	4,082	1,145
Glass	2,383	886
Burglary, theft	4,375	1,612
Boiler, machinery	12	
Total	3,230,381	1,603,877

American Republic—Assets, $4,049,597, incr., $631,390; loss res., $482,231; unearned prem., $684,922; surplus, $2,538,633; incr., $583,205.

	Premiums Earned $	Losses Incurred $
Accident	61,184	25,869
Accident-Health	175,360	103,159
Hospital-Medical	4,908,616	2,690,204
Total	5,145,161	2,819,233

American Security—Assets, $7,678,855, incr., $1,361,884; loss res., $502,280; unearned prem., $6,140,869; capital, $250,000; surplus, $751,098, incr., $74,314.

	Premiums Earned $	Losses Incurred $
Auto phys. dam.	6,076,249	3,094,461

Audubon—Assets, $1,898,607, decr., $279,534; loss res., $160,570; unearned prem., $1,063,801; capital, $350,000; surplus, $587,761, incr., $58,425.

	Premiums Earned $	Losses Incurred $
Fire	70,094	33,241
Extended coverage	24,648	11,823
Torn., wind (ex. crops)	320	255
Inland marine	1,764	2,710
Liability (not auto)	45	
Auto liability	160,690	63,508
Auto PDL	79,170	26,007
Auto phys. dam.	1,167,794	859,512
Total	1,504,531	997,056

Auto-Owners, Lansing—Assets, $27,440,317, $3,806,138; loss res., $6,833,650; unearned prem., $9,773,668; permanent fund, $500,000; surplus, $8,389,927, incr., $710,529.

	Premiums Earned $	Losses Incurred $
Fire	208,761	108,577
Extended coverage	68,222	53,793
Torn., wind (ex-crops)	9	16
Inland marine	18,242	6,136
Workmen's comp.	2,636,037	1,557,849
Liability (not auto)	635,879	212,094
Auto liability	4,071,077	2,301,891
Auto PDL	3,598,398	1,948,744
Auto phys. dam.	4,814,096	2,541,370
P.D. (not auto)	241,459	97,899
Fidelity	8,837	4,577
Surety	23,916	23,150
Glass	126,844	45,283
Burglary, theft	178,010	41,544
Auto miscellaneous cover.	2,708,228	1,295,098
Total	19,337,997	10,238,021

Badger State Casualty—Assets, $1,072,878, incr., $215,602; loss res., $343,991; unearned prem., $398,701; surplus, $229,753, incr., $34,184.

	Premiums Earned $	Losses Incurred $
Auto liability	425,574	212,133
Auto PDL	213,075	93,790
Auto phys. dam.	234,624	96,228
Total	873,273	402,151

Bankers F. & M.—Assets, $2,329,268, decr., $62,069; loss res., $150,207; unearned prem., $1,178,801; capital, $450,000; surplus, $921,801, decr., $138,117.

	Premiums Earned $	Losses Incurred $
Fire	434,401	203,108
Extended coverage	144,960	103,594
Torn., wind (ex. crops)	6,543	852
Sprinkler and water dam.	410	28
Expl., riot, civil comm.	42	
Earthquake	174	
Crop-Hail	11,316	36
Ocean marine	20,260	11,158
Auto phys. dam.	969,194	616,363
Class	14	
Total	1,587,917	935,139

Bankers and Shippers—Assets, $17,715,542, incr., $586,357; loss res., $1,085,753; unearned prem., $8,692,667; capital, $1,000,000; surplus, $7,103,369, incr., $5,080.

	Premiums Earned $	Losses Incurred $
Fire	3,371,045	1,379,007
Extended coverage	1,059,145	625,036
Torn., wind (ex. crops)	12,950	4,414
Sprinkler and eater dam.	19,496	5,057
Expl., riot, civil Comm.	1,409	1,255
Earthquake	13,648	—1,006
Ocean marine	47,725	33,961
Aircraft phys. dam.	56,484	25,670
Liability (not auto)	96	72
Auto phys. dam.	3,403,529	1,700,544
Class	254	61
Burglary, theft	459	6
Multiple line N.O.C.	1,872	651
Total	8,404,504	3,976,165

Canal—Assets, $1,922,978, incr., $539,528; loss res., $431,999; unearned prem., $843,027; capital, $300,000; surplus, $501,342, incr., $100,463.

	Premiums Earned $	Losses Incurred $
Fire	2,225	148
Extended coverage	990	133
Inland marine	15,937	17,507
Auto liability	607,529	357,851
Auto PDL	385,836	179,640
Auto phys. dam.	98,132	62,970
Surety	487	
Total	1,111,136	618,249

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Central National of Omaha—Assets, $13,464,955, decr., $108,203; loss res., $1,411,743; unearned prem., $9,236,786; capital, $1,000,000; surplus, $1,830,640, decr., $229,229.

	Premiums Earned $	Losses Incurred $
Accident & health	629,431	180,874
Auto liability	399,589	238,477
Auto PDL	286,489	91,031
Auto phys. dam.	9,872,368	5,004,429
Class	4,834	....
Total	11,192,714	5,514,812

Central Surety—Assets, $20,024,272, incr., $184,139; loss res., $6,296,815; unearned prem., $6,017,886; capital, $2,000,000; surplus, $5,963,452, incr., $172,710.

	Premiums Earned $	Losses Incurred $
Fire	230,411	128,705
Extended coverage	89,082	48,972
Torn., wind (ex. crops)	4,973	241
Sprinkler and water dam.	246	83
Expl., riot, civil comm.	54	....
Earthquake	47	....
Inland marine	17,641	8,374
Multiple peril	137	1
Accident	8,747	2,514
Group A. & H.	4,633	4,138
Workmen's comp.	2,322,401	1,323,135
Liability (not auto)	1,022,421	306,564
Auto liability	3,025,904	1,558,348
Auto PDL	1,642,487	816,630
Auto phys. dam.	1,457,759	555,814
P.D. (not auto)	253,596	105,809
Fidelity	191,939	89,075
Surety	928,396	335,535
Class	181,797	75,909
Burglary, theft	238,649	66,254
Credit	9,384	....
Total	11,701,773	5,455,847

Cimarron Casualty—Assets, $862,103, incr., $33,298; loss res., $324,795; unearned prem., $162,158; capital, $250,000; surplus, $334,528, decr., $29,909.

	Premiums Earned $	Losses Incurred $
Liability (not auto)	2,688	123
Auto liability	154,744	94,456
Auto PDL	123,950	76,437
Auto phys. dam.	290,171	148,426
Medical pay.	23,790	15,952
Total	595,344	335,395

Craftsman—Assets, $1,849,899, incr., $270,161; loss res., $552,145; unearned prem., $359,729; capital, $100,000; surplus, $607,947, incr., $96,091.

	Premiums Earned $	Losses Incurred $
Accident and Health	5,095,067	2,620,122
Group A. & H.	109,638	63,277
Non-can. A. & H.	86,085	10,126
Total	5,290,790	2,693,525

Detroit F. & M.—Assets, $10,634,320, incr., $134,062; loss res., $726,326; unearned prem., $3,856,595; capital, $1,000,000; surplus, $5,751,277, incr., $47,545.

	Premiums Earned $	Losses Incurred $
Fire	2,029,900	968,018
Extended coverage	435,659	275,928
Torn., wind (ex. crops)	29,655	14,672
Sprinkler and water dam.	11,693	2,029
Expl., riot, civil comm.	1,855	—57
Earthquake	9,451	—88
Crop-Hail	199,184	124,817
Inland marine	255,215	110,233
Multiple line N.O.C.	2,092	108
Aircraft phys. dam.	9,418	6,631
Accident	1,707	607
Health	180	77
Group A. & H.	108	24
Workmen's comp.	36,127	20,071
Liability (not auto)	23,617	9,294
Auto liability	196,536	108,834
Auto PDL	99,929	56,608
Auto phys. dam.	673,953	299,320
P.D. (not auto)	5,375	2,221
Fidelity	2,758	1,052
Surety	5,102	1,488
Class	2,978	1,114
Burglary, theft	5,469	2,021
Boiler, machinery	15	....
Total	4,037,976	2,005,022

Employers Casualty, Tex.—Assets, $20,226,900, incr., $2,379,270; loss res., $4,472,301; unearned prem., $7,587,757; capital, $1,000,000; surplus, $5,313,371, incr., $435,711.

	Premiums Earned $	Losses Incurred $
Fire	454,080	179,377
Extended coverage	312,036	74,446
Torn., wind (ex. crops)	671	95
Expl., riot, civil comm.	3,244	7,773
Earthquake	624	....
Inland marine	169,457	36,865
Personal prop. floater	55,268	12,128
Workmen's comp.	2,020,254	1,258,319
Liability (not auto)	1,421,742	478,095
Auto liability	3,478,126	1,518,556
Auto PDL	1,853,435	830,082
Auto phys. dam.	2,645,105	935,806
P.D. (not auto)	819,704	134,514
Class	74,815	26,437
Burglary, theft	112,299	33,476
Miscellaneous bonds	13,866	844
Hospitalization	1,177,532	886,806
Title and guaranty	323,080	5,075
All other	104,058	77,812
Total	15,039,403	6,496,303

Employers' Fire—Assets, $23,780,946, incr., $1,641,493; loss res., $1,9376,949, unearned prem., $11,948,405; capital, $2,000,000, surplus, $8,166,343, incr., $516,624.

	Premiums Earned $	Losses Incurred $
Fire	4,261,623	1,756,532
Extended coverage	1,241,104	750,598
Torn., wind (ex. crops)	29,519	9,621
Sprinkler and water dam.	13,840	2,047
Expl., riot, civil comm.	—1	251
Earthquake	13,320	574
Ocean marine	6,654	3,967
Inland marine	1,969,307	947,094
Aircraft & vehicle PD	1,515	28
Aircraft phys. dam.	41,715	29,578
Accident	10,125	8,020
Health	2,718	1,227
Workmen's comp.	16,530	16,170
Liability (not auto)	19,503	23,763
Auto liability	48,807	24,417
Auto PDL	29,588	17,715
Auto phys. dam.	5,052,515	1,889,932
P.D. (not auto)	6,223	5,625
Fidelity	48,946	6,278
Surety	38,713	976
Class	5,200	3,479
Burglary, theft	36,100	16,728
Boiler, machinery	11,188	....
Multiple line NOC	9,817	1,251
Total	12,914,569	5,515,871

Employers Mutual Fire—Assets, $8,591,997, incr., $1,003,580; loss res., $449,321; unearned prem., $3,514,160; surplus, $4,221,212, incr., $736,185.

	Premiums Earned $	Losses Incurred $
Fire	1,203,677	274,191
Extended coverage	392,285	164,562
Torn., wind (ex. crops)	1,182	371
Sprinkler and water dam.	2,506	687
Expl., riot, civil comm.	153	39
Earthquake	258	....
Inland Marine	292,681	110,000
Aircraft phys. dam.	713	840
Auto phys. dam.	2,805,403	1,124,237
Excess of Loss	—4,298	39,964
Total	4,694,560	1,714,891

Employers Mutual Liability—Assets, $143,758,928, incr., $20,631,756; loss res., $78,645,018; unearned prem., $23,827,501; surplus, $25,573,555, incr., $2,561,239.

	Premiums Earned $	Losses Incurred $
Fire	22,273	15,258
Extended coverage	9,958	7,776
Torn., wind (ex. crops)	40	27
Sprinkler and water dam.	65	43
Expl., riot, civil comm.	25	11
Earthquake	—49	—10
Ocean marine	—1	....
Inland marine	—1,324	244
Group A. & H.	5,345,172	4,187,704
Workmen's comp.	58,291,637	35,624,696
Liability (not auto)	7,734,486	4,725,641
Auto liability	6,599,407	4,390,950
Auto PDL	3,448,329	1,787,645
Auto phys. dam.	1,421,061	617,725
P.D. (not auto)	2,984,813	1,801,342
Fidelity	734,598	480,971
Class	103,434	50,600
Burglary, theft	441,672	191,693
Excess of Loss	183,661	137,138
Total	87,319,259	54,019,454

Eureka-Security F. & M.—Assets, $16,633,610, incr., $1,203,562 loss res., $1,295,395; unearned prem., $9,454,645; capital, $1,000,000; surplus, $5,277,368, incr., $157,457.

	Premiums Earned $	Losses Incurred $
Fire	4,797,956	2,060,359
Extended coverage	1,335,916	957,605
Torn., wind (ex. crops)	16,276	587
Sprinkler and water dam.	14,605	1,812
Expl., riot, civil comm.	2,638	193
Earthquake	37,478	2,826
Crop-Hail	—383	—1,130
Inland marine	541,805	275,963
NOC	31,392	12,542

	Premiums Earned $	Losses Incurred $
Auto phys. dam.	1,281,762	588,096
Class	630	563
Burglary, theft	1,231	133
Total	8,061,310	3,899,553

Excelsior—Assets, $2,779,596, incr., $340,420; loss res., $81,600; unearned prem., $1,289,880; capital, $813,000; surplus, $1,320,408, incr., $60,-734.

	Premiums Earned $	Losses Incurred $
Fire	484,887	227,797
Extended coverage	145,320	101,701
Torn., wind (ex. crops)	35	....
Sprinkler and water dam.	402	62
Expl., riot, civil comm.	11	....
Earthquake	27	....
Inland Marine	27,419	9,156
Auto phys. dam.	396,355	180,501
Class	15	33
Burglary, theft	38	....
Total	1,054,509	519,250

Exchange Mutual Indemnity—Assets, $5,552,-826, incr., $598,027; loss res., $2,612,689; unearned prem., $938,926; surplus, $1,113,541 incr., $104,791.

	Premiums Earned $	Losses Incurred $
Workmen's comp.	1,026,600	579,155
Liability (not auto)	112,663	52,613
Auto liability	944,806	448,195
Auto PDL	358,085	159,826
P.D. (not auto)	35,763	17,871
N. Y. State Sta. Dis. Ben.	66,744	29,988
Total	2,544,661	1,287,648

Farm Bureau Mutual—Assets, $10,789,648, incr., $1,582,134; loss res., $2,301,207; unearned prem., $3,011,338; surplus, $3,918,264, incr., $279,949.

	Premiums Earned $	Losses Incurred $
Fire	724,480	407,741
Extended coverage	477,245	310,864
Torn., wind (ex. crops)	14,924	5,247
Crop-Hail	60,801	186,499
Workmen's comp.	71,932	60,365
Liability (not auto)	164,717	51,044
Auto liability	1,490,409	1,111,537
Auto PDL	1,141,110	937,081
Auto phys. dam.	4,743,919	2,521,701
P.D. (not auto)	125,685	52,168
Auto-Medical	435,088	267,258
Medical other than auto	182,121	122,422
Polio	40,025	12,728
School Bus Bond	9,697	....
4-H Calf Club	5,459	1,679
Total	9,687,612	6,048,334

Farmers Alliance—Assets, $5,410,952, incr., $393,248; loss res., $98,293; unearned prem., $2,930,210; surplus, $2,192,547, incr., $268,449.

	Premiums Earned $	Losses Incurred $
Fire	1,388,961	448,690
Extended coverage	703,389	417,859
Torn., wind (ex. crops)	74,347	33,436
Inland marine	18,603	7,763
Aircraft phys. dam.	....	—39
Auto phys. dam.	16,073	6,265
Theft	1,663	205
Excess Catastrophe	19,933	17,563
Total	2,222,972	931,744

Farmers' Mutual Automobile, Wis.—Assets, $25,803,059, incr., $4,429,009; loss res., $6,850,731; unearned prem., $7,048,514; surplus, $7,518,920, decr., $116,334.

	Premiums Earned $	Losses Incurred $
Fire	458,946	218,671
Extended coverage	244,714	132,278
Torn., wind (ex. crops)	830	868
Inland marine	21,871	3,285
Group A. & H.	19,009	15,606
Liability (not auto)	255,539	159,867
Auto liability	8,078,830	4,550,381
Auto PDL	2,993,496	2,062,353
Auto phys. dam.	6,210,554	3,226,832
P.D. (not auto)	79,381	26,648
Burglary, theft	75,312	28,328
Total	18,438,488	10,425,121

Farmers Mutual Hail—Assets, $9,463,899, decr., $1,317,623; loss res., $1,080,731; unearned prem., $2,749,153; surplus, $4,772,250, decr., $869,351.

	Premiums Earned $	Losses Incurred $
Fire	744,796	352,689
Extended coverage	343,955	227,747
Torn., wind (ex. crops)	482,884	264,500
Sprinkler and water dam.	25	....
Expl., riot, civil comm.	1	....
Earthquake	14	....
Crop-Hail	5,321,139	4,819,129
Ocean marine	6	....
Inland marine	36,205	13,697
Excess of loss reins.	501,096	354,773
Liability (not auto)	22,531	3,261
Auto liability	965,093	316,374
Auto PDL	818,485	346,261
Auto phys. dam.	1,334,411	605,415
Burglary, theft	1,498	784
Auto medical	108,105	48,787
Total	10,680,244	7,353,417

Federated Mutual Implement & Hardware—Assets, $27,905,246, incr., $2,593,835; loss res., $4,538,556; unearned prem., $14,209,441; surplus, $6,537,852, incr., $245,568.

	Premiums Earned $	Losses Incurred $
Fire	8,884,387	3,190,637
Extended coverage	1,618,191	866,461
Torn., wind (ex. crops)	12,998	3,880
Sprinkler and water dam.	8,625	175
Expl., riot, civil comm.	405	11
Earthquake	6,047	9
Inland marine	335,179	137,247
Personal Property Floater	164,436	57,578
Aircraft phys. dam.	745	....
Group A. & H.	2,007,321	1,678,026
Workmen's comp.	1,680,352	995,581
Liability (not auto)	303,003	53,152
Auto liability	2,407,263	1,310,584
Auto PDL	1,275,088	621,736
Auto phys. dam.	3,128,226	1,034,501
P.D. (not auto)	86,191	25,288
Class	97,765	35,831
Burglary, theft	80,728	40,769
Excess Reinsurance	69,029	—152,530
Total	22,027,921	9,998,936

Fidelity & Deposit—Assets, $57,033,401, incr., $1,309,915; loss res., $6,683,083; unearned prem., $16,269,829; capital, $3,000,000; surplus, $29,-874,189, incr., $1,241,971.

	Premiums Earned $	Losses Incurred $
Personal prop. floater	1,316,241	542,199
Liability (not auto)	65,948	18,490
Fidelity	6,054,198	1,682,182
Surety	5,700,854	1,080,309
Class	250,395	181,664
Burglary, theft	2,266,405	686,272
Total	17,379,390	4,191,119

Fidelity & Guaranty Underwriters—Assets, $3,202,679, decr., $92,092; loss res., $143,373; unearned prem., $515,089; capital, $1,000,000; surplus $2,478,979, incr., $204,468.

	Premiums Earned $	Losses Incurred $
Fire	465,065	215,784
Extended coverage	152,832	168,060
Torn., wind (ex. crops)	547	281
Sprinkler and water dam.	972	1,073
Expl., riot, civil comm.	41	....
Earthquake	—8	....
Inland marine	87,410	42,740
Total	706,859	427,938

Fidelity Interstate Casualty—Assets, $737,472, incr., $235,974; loss res., $108,976; unearned prem., $225,856; capital, $100,000; surplus $259,-835, incr., $75,128.

	Premiums Earned $	Losses Incurred $
Accident and Health	1,653,546	458,742

Fidelity Mutual, Indianapolis—Assets, $4,-131,941, incr., $556,702; loss res., $955,745; unearned prem., $1,866,933; surplus, $863,690, incr., $149,579.

	Premiums Earned $	Losses Incurred $
Auto liability	1,314,638	572,930
Auto PDL	903,797	417,788
Auto phys. dam.	1,367,469	540,296
Auto medical	150,568	101,838
Total	3,736,472	1,531,014

Fire Assn. of Philadelphia—Assets, $66,791,424, incr., $2,007,865; loss res., $6,900,109; unearned prem., $29,679,362; capital, $3,400,000; surplus, $26,695,995, decr. $134,533.

	Premiums Earned $	Losses Incurred $
Fire	12,930,939	6,039,312
Extended coverage	2,900,620	1,696,442
Torns., wind (ex. crops)	207,348	51,735
Sprinkler and water dam.	59,258	—6,157
Expl., riot, civil comm.	8,135	926
Earthquake	40,783	—628
Ocean marine	1,591,240	751,296
Inland marine	2,952,653	1,479,118
Aircraft phys. dam.	178,066	92,014
Accident	3,521	1,202
Health	136	—126
Group A. & H.	431	....
Workmen's comp.	359,457	195,234
Liability (not auto)	360,157	139,090
Auto Liability	1,290,130	693,364
Auto PDL	718,363	352,791
Auto phys. dam.	4,848,275	2,351,327
P. D. (not auto)	54,088	38,818
Fidelity	26,873	11,705
Surety	311,777	141,501
Class	47,433	19,355
Burglary, theft	89,568	39,935
Boiler, machinery	195	43
Aircraft & Vehicle P. D.	800	....
Multiple Perils (NOC)	112,657	80,876
Total	29,092,911	14,169,178

Freeport Motor Casualty—Assets, $7,120,472, incr., $697,770; loss res., $1,068,109; unearned prem., $2,296,463; capital, $310,130; surplus, $2,834,511, incr., $168,964.

	Premiums Earned $	Losses Incurred $
Liability (not auto)	92,464	15,100
Auto Liability	1,306,537	626,290
Auto PDL	962,859	423,101
Auto phys. dam.	1,816,025	710,090
P. D. (not auto)	19,854	9,071
Auto Medical	234,655	85,870
Other Medical	22,325	17,544
Total	4,454,719	1,887,066

General Casualty, Wisc.—Assets, $12,961,173; incr., $1,361,388; loss res., $3,634,309; unearned prem., $$4,032,285; capital; $1,000,000; surplus, $4,047,774, incr., $733,319.

	Premiums Earned $	Losses Incurred $
Accident	1,209	693
Health	11,804	7,281
Workmen's comp.	121,386	83,806
Liability (not auto)	459,352	172,734
Auto Liability	3,306,312	1,623,591
Auto PDL	1,747,136	777,030
Auto phys. dam.	2,533,987	1,044,445
P. D. (not auto)	121,313	77,123
Class	53,698	19,626
Burglary, theft	130,029	37,030
Total	8,486,226	3,843,359

Geo. Rogers Clark Mutual Casualty—Assets, $542,401, incr., $2,714; loss res., $70,811; unearned prem., $222,194; surplus, $208,613, incr., $27,452.

	Premiums Earned $	Losses Incurred $
Accident	27,900	5,518
Health	234,514	75,617
Hospital	879,177	412,396
Total	1,141,592	493,532

Great American—Assets, $187,451,407, incr. $45,581,793; loss res., $14,613,658; unearned prem., $64,050,243; $14,343,500; surplus, $99,-152,752, incr., $30,210,716.

	Premiums Earned $	Losses Incurred $
Fire	28,964,878	13,725,819
Extended Coverage	6,012,095	3,807,005
Torn., wind (ex. crops)	409,233	202,458
Sprinkler and water dam.	161,369	27,992
Expl.., riot, civil comm.	25,604	780
Earthquake	130,311	—1,211
Crop-Hail	2,748,739	1,722,473
Ocean Marine	2,022,707	1,306,628
Inland Marine	3,521,965	1,521,224
Multiple Line N.O.C.	28,865	1,493
Aircraft Phys. Damage	130,078	91,514
Accident	24,255	8,667
Health	2,490	930
Group A. & H.	1,486	347
Workmen's Comp.	504,379	279,913
Liability (not auto)	330,255	128,856
Auto liability	2,724,630	1,506,643
Auto PDL	1,384,361	784,942
Auto phys. damage	9,324,684	4,148,825
P. D. (not auto)	74,381	30,714
Fidelity	39,640	15,064
Surety	70,435	20,498
Glass	41,194	15,457
Burglary, theft	76,981	28,655
Boiler, machinery	239	10
Total	58,755,254	29,374,136

Great Eastern Fire—Assets, $1,610,906, incr., $87,654; loss res., $80,872; unearned prem., $510,617; capital, $250,000; surplus, $900,622, incr., $31,938.

	Premiums Earned $	Losses Incurred $
Fire	99,888	33,938
Extended coverage	24,770	3,748
Torn., wind (ex. crops)	130	—49
Sprinkler and water dam.	181	1
Expl., riot, civil comm.	17	....
Earthquake	88	....
Inland marine	36,690	13,697
Auto. phys. dam.	422,251	243,141
Total	584,019	294,476

Guarantee, Cal.—Assets, $5,339,737, incr., $1,659,468; loss res., $2,222,251; unearned prem., $1,806,059; capital, $311,280; surplus, $514,371, decr., $192,177.

	Premiums Earned $	Losses Incurred $
Group A. & H.	....	—872
Workmen's comp.	4,166,910	2,347,588
Liability (not auto)	233,187	70,980
Auto liability	687,362	386,658
Auto PDL	396,573	250,603
Auto phys. dam.	553,191	309,681
P.D. (not auto)	68,876	32,969
Burglary, theft	40,679	20,880
Total	6,146,778	3,418,488

Harbor—Assets, 3,949,206, incr., $289,262; loss res., $869,063; unearned prem., $1,567,608; capital, $500,000; surplus, $1,303,415, incr., $182,485.

	Premiums Earned $	Losses Incurred $
Fire	87,449	52,820
Extended coverage	14,604	2,797
Earthquake	151	....
Liability (not auto)	312,066	168,820
Auto liability	906,255	370,969
Auto PDL	512,508	261,077
Auto phys. dam.	1,017,808	451,674
P.D. (not auto)	74,965	28,669
Total	2,925,811	1,336,830

Hardware Dealers Mutual Fire—Assets, $30,-232,496, incr., $2,128,820; loss res., $1,009,301; unearned prem., $15,331,943; $11,211,916, incr., $763,456.

	Premiums Earned $	Losses Incurred $
Fire	10,167,316	3,120,908
Extended coverage	2,639,279	1,343,597
Torn., wind (ex. crops)	3,752	—47
Sprinkler and water dam.	6,118	36
Expl., riot, civl com.	3,886	2,980
Earthquake	6,427	1,231
Inland marine	505,073	207,301
Auto phys. dam.	1,472,454	372,744
Excess of Loss reinsur.	1,330	83,314
Total	14,805,634	5,132,064

Hardware Mutual Casualty—Assets, $63,733,-198, incr., $8,811,364; loss res., $24,164,654; un-

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earned prem., $19,689,769; surplus, $11,528,617, incr., $4,489,158.

	Premiums Earned $	Losses Incurred $
Fire	22,804	10,059
Extended coverage	10,155	5,330
Torn., wind (ex. crops)	42	17
Sprinkler and water dam.	65	33
Expl., riot, civil comm.	28	2
Earthquake	—49	....
Ocean marine	—1	....
Inland marine	—1,314	453
Accident	70,844	19,052
Health	1,032,905	684,617
Group A. & H.	5,528,513	4,070,864
Workmen's comp.	13,069,061	6,828,334
Liability (not auto)	2,076,687	724,964
Auto liability	15,485,793	7,931,404
Auto PDL	7,814,635	3,566,818
Auto phys. dam.	8,861,293	3,338,996
P.D. (not auto)	683,162	253,699
Class	466,879	194,992
Burglary, theft	398,182	166,554
Excess of Loss Reinsurance	92,024	67,810
Total	55,611,708	27,863,998

Home Mutual, Appleton—Assets, $1,313,175, incr., $101,045; loss res., $30,236; unearned prem., $659,974; surplus, $594,673, incr., $59,-072.

	Premiums Earned $	Losses Incurred $
Fire	310,745	110,822
Extended coverage	124,984	86,202
Torn., wind (ex. crops)	81,470	8,448
Total	517,199	205,472

Hoosier Casualty—Assets, $6,498,929, incr., $742,994; loss res., $1,494,935; unearned prem., $1,986,965; capital, $500,000; surplus, $2,272,906, incr., $122,415.

Accident & health	2,872,392	1,451,729
Group A. & H.	849,673	672,551
Liability (not auto)	35,079	2,020
Auto liability	828,357	336,416
Auto PDL	711,378	330,425
Auto phys. dam.	1,163,884	477,935
P.D. (not auto)	9,779	1,771
Auto medical	109,188	47,971
Other medical	5,819	1,366
Total	6,585,549	3,322,184

Indiana Lumbermen's Mutual—Assets, $19,-403,805, incr., $2,442,094; loss res., $1,568,064; unearned prm., $11,440,780; surplus, $5,197,731, incr., $176,893.

Fire	6,019,001	2,101,752
Extended coverage	1,693,774	1,137,188
Torn., wind (ex. crops)	43,838	12,416
Sprinkler and water dam.	25,776	2,295
Earthquake	7,840	—60
Inland marine	277,539	97,835
Liability (not auto)	20,586	6,662
Auto liability	1,621,273	602,249
Auto PDL	896,862	470,064
Auto phys. dam.	1,960,197	873,596
P.D. (not auto)	14	....
Class	1,416	636
Burglary, theft	9,796	2,250
Auto Medical	152,686	108,964
Comp. Endorsement	5,532	1,003
Excess	—20,807	—42,990
Total	12,716,527	5,374,720

Insurance Co. of Texas—Assets, $7,790,371, incr., $1,444,074; loss res., $1,076,107; unearned prem., $2,762,761; capital, $1,500,000; surplus, $3,160,584, incr., $654,156.

Fire	421,374	309,664
Extended coverage	234,479	32,822
Torn., wind (ex. crops)	6,152	72
Inland marine	49,031	39,517
Workmen's comp.	422,564	233,168
Liability (not auto)	135,623	55,666
Auto liability	617,194	276,538
Auto PDL	365,349	223,852
Auto phys. dam.	803,818	534,999
P.D. (not auto)	29,697	16,182
Fidelity	7	....
Surety	616	....
Class	5,498	3,770
Burglary, theft	23,559	13,665
Total	3,114,864	1,739,915

Insurors' Corporation—Assets, $1,994,439, decr., $44,571; loss res., $127,959; unearned prem., $383,388; capital, $250,000; surplus, $854,-434, decr., $19,768.

Fire	22,061	2,937
Extended coverage	10,685	5,848
Torn., wind (ex. crops)	260	161
Crop-Hail	664	....
Ocean marine	5,041	16,741
Inland marine	146,714	72,153
Workmen's comp.	21,351	—22,911
Liability (not auto)	22,170	—4,091
Auto liability	118,103	8,478
Auto PDL	69,443	—77
Auto phys. dam.	28,523	—1,337
P.D. (not auto)	29,407	—3,706
Surety	381	....
Burglary, theft	—31	....
Total	474,772	74,196

Integrity Mutual, Appleton—Assets, $630,527, incr., $41,023; loss res., $7,147; unearned prem., $276,447; surplus, $336,605, incr., $29,434.

Fire	199,360	59,710
Extended coverage	36,090	8,467
Torn., wind (ex. crops)	62,194	33,190
Liability (not auto)	2,219	71
Excess Loss & Catastrophe	—3,091	20,522
Total	296,773	121,959

Integrity Mutual Casualty—Assets, $643,166, incr., $197,229; loss res., $110,191; unearned prem., $231,062; surplus, $176,939, incr., $17,-885.

Auto liability	287,131	65,080
Auto PDL	121,301	58,508
Auto phys. dam.	163,571	59,816
Total	572,003	183,405

Inter-State Assurance—Assets, $1,549,858, incr., $185,645; loss res., $133,823; unearned prem., $460,321; surplus, $870,769, incr., $184,829.

Accident	401,799	118,751
Health	1,074,628	486,916
Group A. & H.	121,309	82,367
Total	1,597,736	688,034

Jersey—Assets, $11,524,382, incr., $387,900; loss res., $693,609; unearned prem., $5,553,648; capital, $1,000,000; surplus, $4,743,922, incr., $11,338.

Fire	2,153,723	881,032
Extended coverage	676,676	399,328
Torn., wind (ex. crops)	8,273	2,819
Sprinkler and water dam.	12,456	3,231
Expl., riot civil comm.	900	801
Earthquake	8,720	642
Ocean marine	30,491	21,698
Inland marine	266,022	128,691
Aircraft phys. dam.	36,087	16,399
Liability (not auto)	61	46
Auto phys. dam.	2,174,477	1,086,458
Class	162	39
Burglary, theft	293	3
Multiple line, N.O.C.	1,196	415
Total	5,369,544	2,540,323

Lafayette, La.—Assets, $2,207,226, incr., $121,203; loss res., $51,649; unearned prem., $416,344; capital, $600,000; surplus, $1,683,233, incr., $31,542.

	Premiums Earned $	Losses Incurred $
Fire	170,456	71,525
Extended coverage	58,577	30,728
Torn., wind (ex. crops)	3,100	1,876
Sprinkler and water dam.	—666	6
Expl., riot, civil comm.	440	224
Earthquake	16	....
Ocean marine	18,126	17,279
Inland marine	2,545	201
Aircraft phys. dam.	17	....
Auto phys. dam.	71,706	36,408
Excess cover	2,338	257
Total	326,658	158,507

Maryland Casualty—Assets, $157,973,894, incr., $25,205,566; loss res., $46,903,961; unearned prem., $47,483,727; capital, $3,924,703; surplus $47,381,430, incr., $11,651,595.

Fire	438,750	227,054
Extended coverage	153,488	92,751
Torn., wind (ex. crops)	4,701	....
Sprinkler and water dam.	133,449	34,028
Inland marine	103,561	40,612
Accident	1,576,408	597,593
Health	445,312	215,392
Group A. & H.	1,076,205	665,317
Workmen's comp.	19,615,761	11,575,890
Liability (not auto)	8,416,131	3,271,889
Auto liability	21,233,588	10,792,120
Auto PDL	11,312,753	5,904,635
Auto phys. dam.	2,003,076	541,846
P.D. (not auto)	2,449,854	946,305
Fidelity	3,368,313	1,343,476
Surety	6,128,923	923,285
Class	1,155,763	407,688
Burglary, theft	3,141,372	1,231,318
Boiler, machinery	2,348,660	343,040
Total	85,106,070	39,154,239

Massachusetts Casualty—Assets, $1,909,522, incr., $406,265; loss res., $271,500; unearned prem., $897,984; capital, $200,000; surplus, $691,-011, incr., $127,588.

Accident	164,049	74,131
Non-can. A. & H.	1,019,176	311,523
Total	1,183,225	385,654

Massachusetts F. & M.—Assets, $9,280,551; incr., $61,632; loss res., $726,326; unearned prem., $3,856,595; capital, $1,000,000; surplus, $4,382,508, decr., $39,885.

Fire	2,029,900	968,018
Extended coverage	435,659	275,928
Torn., wind (ex. crops)	29,655	14,672
Sprinkler and water dam.	11,693	2,029
Expl., riot, civil comm.	1,855	—57
Earthquake	9,451	—88
Crop-Hail	199,184	124,817
Ocean marine	....	—1,138
Inland marine	255,215	110,233
Mul. line N.O.C.	2,092	108
Aircraft phys. dam.	9,418	6,631
Accident	1,707	607
Health	180	77
Group A. & H.	108	24
Workmen's comp.	36,127	20,071
Liability (not auto)	23,617	9,294
Auto liability	196,536	108,834
Auto PDL	99,929	56,608
Auto phys. dam.	673,953	299,320
P.D. (not auto)	5,375	2,221
Fidelity	2,758	1,052
Surety	5,102	1,488
Class	2,978	1,114
Burglary, theft	5,469	2,021
Boiler, machinery	15	....
Total	4,032,976	2,003,884

Massachusetts Plate Glass—Assets, $911,365, incr., $96,684; loss res., $32,000; unearned prem., $315,412; capital, $202,500; surplus, $507,182, incr., $28,324.

Class	607,424	255,911

Mid-Continent, Dallas—Assets, $562,521, incr., $42,947; loss res., $16,563; unearned prem., $11,-548; capital, $200,000; surplus $519,044, incr., $82,968.

Fire	605	672
Extended coverage	509	667
Torn., wind (ex. crops)	23	....
Crop-Hail	207,238	120,664
Inland marine	165,279	157,690
Auto liability	....	616
Auto PDL	....	—250
Auto phys. dam.	....	—581
Total	373,654	279,478

Midwestern Indemnity—Assets, $718,937, incr., $129,321; loss res., $169,011; unearned prem., $258,748; capital, $121,395; surplus, $246,286, incr., $67,619.

Liability (not auto)	17,562	5,085
Auto liability	121,550	67,157
Auto PDL	105,722	73,462
Auto phys. dam.	241,712	113,877
P.D. (not auto)	1,364	746
Fidelity	486	—750
Surety	20,851	115
Glass	1,462	713
Burglary, theft	4,747	453
Total	515,456	260,858

Monarch Fire—Assets, $5,938,434, incr., $364,-228; loss res., $386,629; unearned prem., $2,-887,834; capital, $819,336; surplus, $2,490,798, incr., $61,309.

Fire	1,426,259	599,400
Extended coverage	417,474	299,251
Torn., wind (ex. crops)	5,086	184
Sprinkler and water dam.	4,564	566
Expl., riot, civil comm.	823	59
Earthquake	11,712	883
Crop-Hail	—119	—353
Inland marine	169,314	86,239
N.O.C.	9,810	3,919
Auto phys. dam.	397,329	182,477
Class	197	176
Burglary, theft	384	41
Total	2,442,836	1,172,848

Motor Vehicle Casualty—Assets, $5,168,238,

incr., $561,822; loss res., $1,044,775; unearned prem., $2,027,778; capital, $600,000; surplus, $1,-583,028, incr., $222,249.

	Premiums Earned $	Losses Incurred $
Liability (not auto)	62,504	19,846
Auto liability	1,205,088	673,541
Auto PDL	871,771	361,879
Auto phys. dam.	1,469,867	558,942
P.D. (not auto)	280	278
Burglary, theft	6,359	1,011
Auto medical	175,157	73,710
Other medical	5	......
Total	3,791,031	1,689,207

National Fire & Marine, Neb.—Assets, $397,-740, incr., $42,010; loss res., $8,637; unearned prem., $39,321; capital, $150,000; surplus, $258,-176, incr., $8,966.

Fire	5,980	1,773
Extended coverage	1,631	854
Inland marine	2,643	597
Auto liability	12,308	1,845
Auto PDL	8,527	2,021
Auto phys. dam.	21,113	3,467
Total	52,254	15,661

Ohio Farmers—Assets, $22,180,698, incr., $2,-348,805; loss res., $874,981; unearned prem., $12,137,662; surplus, $8,112,071, incr., $1,088,351.

Fire	4,666,921	1,857,877
Extended coverage	1,737,001	986,577
Torn., wind (ex. crops)	80,931	41,301
Sprinkler and water dam.	1,499	881
Expl., riot, civil comm.	455	—575
Earthquake	4,866	—930
Crop-Hail	1,053	......
Inland marine	256,618	93,404
Auto phys. dam.	5,216,792	2,115,491
Class	11	......
Burglary, theft	7	......
Total	11,966,160	5,094,027

Ohio Farmers Indemnity—Assets, $15,166,856, incr., $2,762,812; loss res., $3,783,707; unearned prem., $5,325,046; capital, $1,500,000; surplus, $3,938,792, incr., $574,701.

Liability (not auto)	1,073,207	246,637
Auto liability	5,432,564	2,225,288
Auto PDL	3,482,190	1,561,981
P.D. (not auto)	217,046	50,708
Class	139,580	47,345
Burglary, theft	267,001	119,557
Total	10,611,591	4,251,528

Pacific Fire—Assets, $22,231,669, incr., $620,-539 loss res., $1,258,078; unearned prem., $9,-899,982; capital, $1,000,000; surplus, $10,009,958, incr., $95,713.

Fire	3,839,246	1,570,535
Extended coverage	1,206,249	711,849
Torn., wind (ex. crops)	14,749	5,029
Sprinkler and water dam.	22,204	5,758
Expl., riot, civil comm.	1,605	1,430
Earthquake	15,544	1,146
Ocean marine	54,354	38,680
Inland marine	474,214	229,407
Aircraft phys. dam.	64,329	29,236
Liability (not auto)	109	82
Auto phys. dam.	3,876,241	1,936,601
Class	289	68
Burglary, theft	523	6
Multiple line, N.O.C.	2,133	741
Total	9,571,796	4,528,282

Pan American Casualty—Assets, $2,574,308, incr., $427,172, loss res., $506,599; unearned prem., $1,070,658; capital, $400,000; surplus, $875,499, incr., $57,757.

Inland marine	10,966	595
Workmen's comp.	110,253	71,247
Liability (not auto)	150,199	14,475
Auto liability	588,514	353,388
Auto PDL	339,726	105,463
Auto phys. dam.	453,469	219,985
P.D. (not auto)	116,730	29,365
Fidelity	45	......
Surety	18,001	193
Glass	3,093	734
Total	1,791,003	795,448

Pearl Assurance—Assets, $21,396,670, incr., $1,326,404; loss res., $1,470,688; unearned prem., $10,985,093; capital, $500,000; surplus, $7,-848,204, decr., $151,482.

Fire	5,419,785	2,277,725
Extended coverage	1,586,401	1,137,157
Torn., wind (ex. crops)	19,328	698
Sprinkler and water dam.	17,343	2,152
Expl., riot, civil comm.	3,130	230
Earthquake	44,505	3,356
Crop-Hail	—455	—1,342
Inland marine	643,394	327,706
N.O.C.	37,278	14,892
Auto phys. dam.	1,509,853	693,416
Class	748	669
Burglary, theft	1,462	158
Multiple line NOC	4,718	1,684
Total	9,287,497	4,458,506

Pennsylvania Threshermen and Farmer's Mutual Casualty—Assets, $26,121,929, incr., $2,-201,416; loss res., $7,601,741; unearned prem., $7,675,588; surplus, $8,233,299, incr., $685,626.

Accident	22,493	6,427
Workmen's comp.	5,292,269	2,951,811
Liability (not auto)	543,216	163,465
Auto liability	5,980,057	2,817,963
Auto PDL	3,783,846	2,055,651
Auto phys. dam.	886,343	387,682
P.D. (not auto)	271,220	80,066
Total	16,790,371	8,480,254

Pennsylvania Threshermen & Farmers' Mutual Fire—Assets, $3,422,437, incr., $655,456; loss res., $282,440; unearned prem., $1,564,049; surplus, $1,508,699, incr., $270,970.

Fire	361,726	146,539
Extended coverage	64,106	19,542
Auto phys. dam.	1,620,706	864,459
Excess of loss reinsurance	—6,095	1,089
Total	2,040,444	1,031,629

Perkiomen Mutual—Assets, $852,349, incr., $57,772; loss res., $37,281; unearned prem., $389,-682; surplus, $351,996, incr., $16,349.

	Premiums Earned $	Losses Incurred $
Fire	290,521	110,803
Extended coverage	64,005	16,676
Torn., wind (ex. crops)	6,592	338
Sprinkler and water dam.	461	......
Assesment-fire, tornado	51,052	7,038
Excess reinsurance	—53,539	......
Total	359,094	134,857

Public National—Assets, $1,438,803, incr., $604,590; loss res., $251,414; unearned prem., $436,016; capital, $350,000; surplus, $628,456, incr., $126,230.

Liability (not auto)	15,605	16,350
Auto liability	422,923	210,418
Auto PDL	269,613	116,292
Auto phys. dam.	139,759	63,426
P.D. (not auto)	897	—541
Total	848,797	405,936

Rainier National—Assets, $1,101,853, incr., $38,333; loss res., $237,519; unearned prem., $368,653; capital, $300,000; surplus, $421,226, incr., $90,396.

Accident	6	150
Health	6	......
Group A. & H.	43	—18
Hospitalization	11	2
Liability (not auto)	59,868	39,675
Auto liability	208,772	158,087
Auto PDL	158,019	86,672
Auto collision	191,006	79,072
P.D. (not auto)	26,399	15,723
Glass	6,500	3,796
Burglary, theft	14,199	7,386
Fire, theft & equip.	90,721	28,594
Auto medical	18,784	18,351
Errors & omissions	208	......
Total	774,547	437,223

Reliable Fire, Dayton—Assets, $1,986,051, incr., $491; loss res., $109,162; unearned prem., $802,322; capital, $500,000; surplus, $992,887, incr., $16,838.

Fire	485,884	209,418
Extended coverage	130,267	43,786
Torn., wind (ex. crops)	5,772	947
Sprinkler and water dam.	1,781	458
Expl., riot, civil comm.	776	—132
Earthquake	1	......
Glass	5	......
Burglary, theft	22	......
Total	624,512	254,479

Reliance—Assets, $15,946,030, incr., $591,148; loss res., $1,723,376; unearned prem., $7,278,959; capital $2,000,000; surplus, $6,109,563, incr., $158,474.

Fire	3,232,754	1,504,585
Extended coverage	725,158	424,110
Torn., wind (ex. crops)	51,833	12,934
Sprinkler and water dam.	14,814	—1,539
Expl., riot, civil comm.	2,034	232
Earthquake	10,209	—156
Ocean marine	397,810	187,824
Inland marine	738,012	369,779
Aircraft phys. dam.	44,517	23,003
Accident	880	301
Health	34	—32
Group A. & H.	107	......
Workmen's comp.	89,854	48,808
Liability (not auto)	90,018	34,773
Auto Liability	322,394	173,341
Auto PDL	179,590	88,197
Auto phys. dam.	1,211,970	587,832
P.D. (not auto)	13,521	9,705
Fidelity	6,662	2,926
Surety	78,034	35,375
Glass	11,858	4,839
Burglary, theft	22,821	9,984
Boiler, machinery	49	11
Aircraft & ve. prop. dam.	200	......
Multiple Perils (NOC)	28,164	20,218
Total	7,273,305	3,537,052

Republic of Dallas—Assets, $29,202,865, incr., $2,078,904; loss res., $789,392; unearned prem., $16,595,360; capital, $4,200,000; surplus, $10,787,-343, incr., $390,001.

Fire	6,040,852	1,859,472
Extended coverage	3,207,711	1,350,074
Torn., wind (ex. crops)	3,870	412
Sprinkler and water dam.	149	......
Expl., riot, civil comm.	3,693	424
Earthquake	4,190	22
Crop-Hail	......	—47
Inland marine	198,528	79,654
Aircraft phys. da.	26	......
Class	1,189	394
Burglary, theft	605	......
Total	9,460,819	3,290,100

Republic Casualty, Dallas—Assets, $1,796,347, incr., $283,439; loss res., $193,240; unearned prem., $659,861; capital, $400,000; surplus, $836,-846, incr., $56,722.

Liability (not auto)	8,057	1,183
Auto liability	291,956	128,412
Auto PDL	215,846	112,761
Auto phys. dam.	538,385	215,684
Burglary, theft	245	860
Medical payments	40,352	16,889
Total	1,094,843	475,790

Republic Indemnity—Assets, $2,425,708, incr., $444,864; loss res., $815,400; unearned prem., $720,701; capital, $257,589; surplus, $434,391, incr., $23,283.

Workmen's comp.	1,538,956	814,704
Liability (not auto)	28,703	3,606
Auto liability	308,944	128,107
Auto PDL	327,733	119,882
Auto phys. dam.	545,215	209,961
P.D. (not auto)	11,757	2,210
Total	2,761,308	1,278,470

Riverside, Ark.—Assets, $1,185,486, incr., $162,887; loss res., $113,057; unearned prem., $505,944; capital, $400,000; surplus, $101,677, incr., $128,100.

	Premiums Earned $	Losses Incurred $
Fire	25	......
Extended coverage	10	16
Inland marine	71	......
Workmen's comp.	74,526	45,370
Liability (not auto)	28,134	16,553
Auto liability	87,863	26,285
Auto PDL	53,848	35,599
Auto phys. dam.	462,662	267,053
P.D. (not auto)	6,370	2,783
Surety	9,036	50
Class	1,972	1,019
Burglary, theft	1,790	359
Chattel mortgage	1,331	......
Consumer credit	36,462	8,084
Total	764,107	403,175

Rochester American—Assets, $11,991,278, incr., $169,440; loss res., $726,326; unearned prem., $3,856,595; capital, $1,500,000; surplus, $7,003,-235, incr., $57,922.

Fire	2,029,900	968,018
Extended coverage	435,659	275,928
Torn., wind (ex. crops)	29,655	14,672
Sprinkler and water dam.	11,693	2,029
Expl., riot, civil comm.	1,855	—57
Earthquake	9,451	—88
Crop-Hail	199,184	124,817
Inland marine	255,215	110,233
Mul. line N.O.C.	2,092	108
Aircraft phys. dam.	9,418	6,631
Accident	1,707	607
Health	180	77
Group A. & H.	108	24
Workmen's comp.	36,127	20,071
Liability (not auto)	23,617	9,294
Auto liability	196,536	108,834
Auto PDL	99,929	56,608
Auto phys. dam.	673,953	299,320
P.D. (not auto)	5,375	2,221
Fidelity	2,758	1,052
Surety	5,102	1,488
Class	2,978	1,114
Burglary, theft	5,469	2,021
Boiler, machinery	15	......
Total	4,037,976	2,005,022

State Farm Fire & Casualty—Assets, $10,013,-716, incr., $2,436,042; loss res., $302,213; unearned prem., $5,530,649; capital, $1,500,000, surplus, $3,789,795, incr., $860,745.

Fire	2,601,153	1,026,343
Extended coverage	1,190,314	612,125
Torn., wind (ex. crops)	5,605	461
Sprinkler and water dam.	349	......
Expl., riot, civil comm.	32	......
Earthquake	729	......
Crop-Hail	479,372	644,312
Total	4,277,554	2,283,241

Tri-State Fire—Assets, $779,282, decr., $23,021; loss res., $938; unearned prem., $117,650; capital, $250,000; surplus, $654,574, decr., $5,050.

Fire	75,842	47,163
Extended coverage	62,730	50,566
Torn., wind (ex. crops)	508	6
Inland marine	10,636	5,522
Expl., riot, civil comm.	62	6
Auto phys. dam.	89	—68
Class	4	......
Total	149,871	103,195

Tri-State Insurance—Assets, $4,915,669, incr., $708,129; loss res., $1,207,318; unearned prem., $2,141,502; capital, $500,000; surplus, $1,211,496, incr., $131,718.

	Premiums Earned $	Losses Incurred $
Fire	46,162	18,376
Extended coverage	26,902	5,623
Torn., wind (ex. crops)	1,392	......
Expl., riot, civil comm.	41	......
Inland marine	59,849	11,967
Workmen's comp.	1,228,366	763,856
Liability (not auto)	137,786	10,895
Auto liability	1,134,902	666,994
Auto PDL	733,056	303,838
Auto phys. dam.	1,223,754	586,855
P.D. (not auto)	88,750	7,346
Fidelity	7,556	5,288
Surety	59,370	44,005
Burglary, theft	2,565	4,105
Total	4,750,457	2,429,148

United Fire & Casualty—Assets, $2,587,108, incr., $213,982; loss res., $544,124; unearned prem., $979,445; capital, $500,000; surplus, $885,-629, incr., $58,950.

Fire	139,861	69,560
Extended coverage	69,348	51,768
Torn., wind (ex. crops)	2,313	2,323
Workmen's comp.	149,612	68,573
Liability (not auto)	60,282	2,784
Auto liability	463,331	264,609
Auto PDL	484,139	194,998
Auto phys. dam.	673,941	290,040
P.D. (not auto)	41,642	14,737
Fidelity	1,128	......
Surety	2,695	......
Class	3,828	1,496
Burglary, theft	6,182	2,176
Medical payments	117,191	47,691
Cargo	31,729	3,172
Total	2,247,222	1,013,927

Universal Underwriters—Assets, $5,388,569, incr., $205,145; loss res., $1,170,656; unearned prem., $3,035,998; capital, $400,000; surplus, $730,995, incr., $80,417.

	Premiums Earned $	Losses Incurred $
Fire	$ 323,154	$ 129,342
Extended coverage	35,497	14,371
Workmen's comp.	336,516	141,198
Liailbity (not auto)	7,071	5,083
Auto Liability	1,088,814	610,077
Auto PDL	530,522	279,769
Auto phys. dam.	2,457,234	1,235,390
P.D. (not auto)	3,832	......
Burglary, theft	111	......
Total	4,782,757	2,415,233

Virginia Surety—Assets, $3,392,199, incr., $432,356; loss res., $1,205,593; unearned prem., $524,522 capital, $600,000; surplus, $1,037,576, incr., $98,046.

	Premiums Earned $	Losses Incurred $
Auto Liability	1,055,143	654,039

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	Premiums Earned $	Losses Incurred $
Auto PDL	488,980	262,048
Auto phys. dam.	69,815	15,602
Surety	6	......
Total	1,604,944	931,689

Wolverine—Assets, $11,506,530, incr., $1,972,-300; loss res., $2,135,985; unearned prem., $6,-137,718; capital, $1,000,000; surplus, $2,128,809, incr., $200,789.

Inland marine	159	......
Workmen's comp.	135,157	81,049
Liability (not auto)	334,154	77,417
Auto Liability	1,796,994	1,102,837
Auto PDL	1,655,765	856,203
Auto phys. dam.	3,112,933	1,427,173
P.D. (not auto)	141,444	73,277
Fidelity	95	......
Surety	8,614	6,000
Glass	98,915	35,527
Burglary, theft	94,888	32,141
Auto Med. Pay	302,009	132,676
Other Med. Pay	58,341	41,975
Mobile Homes	1,039,562	364,965
Total	8,779,031	4,221,243

State Farm Appeals La. Rejection of 25% Deviation in Auto Rates

State Farm Mutual Automobile last week appealed to Louisiana Rating Commission on its application for a 25% deviation from state-fixed auto rates. The action followed a rejection of the application Jan. 27 by the commission's casualty and surety division.

For more than a year State Farm Mutual has been seeking to do business in Louisiana on its membership fee plan plus semi-annual rates. The application calls for a charge for each six months of insurance equal to 37½% of the annual rates set by the Commission. This is equivalent to a 25% annual discount. In its ruling, the casualty and surety division granted the membership fee proposal but denied the deviation. The matter will now go to a hearing before the full rating commission.

According to the company's appeal, it plans to base its case on the following main points:

(1) that the Louisiana insurance code permits the requested deviation;

(2) that the company's experience and financial condition justify the requested deviation;

(3) that the company, contrary to the contention of the division, does not depend upon its investment earnings to show a profit and its operations are not on a close financial margin, but on the contrary, that its underwriting profits nation-wide are considerable, even though its rates generally are 25% or more below bureau rates elsewhere than in Louisiana; that nevertheless, the Louisiana insurance code authorizes and requires the taking of investment earnings into consideration in determining the adequacy of the rates to be charged by the company;

(4) that there is no basis in law or in fact for the contention of the division that the deviation cannot be granted because it would be unfairly discriminatory against other insurance companies;

• • •

(5) that there is no basis for the contention that the deviation would tend to promote monopolistic practices, but on the contrary, it would encourage reasonable competition in the sale of automobile insurance;

(6) that the requested deviation would provide material financial advantages to those who buy automobile insurance in Louisiana;

(7) that there is no basis in law or fact for the requirement of the division that the company must charge 60% of the annual uniform prescribed rate for its six months' policies, or a total of 120% of the annual rate each twelve-months' period;

(8) that it is properly a function of company management rather than of the casualty and surety division under the Louisiana code to decide whether to adhere to the uniform rates prescribed by the division and pay dividends at the end of the policy term, or to deviate therefrom and charge lower rates initially rather than pay dividends at the end of each current policy renewal period;

(9) that the use of the membership fee by the company without the accompanying reduction in rates requested in the deviation is wholly unacceptable because it would in effect be increasing the amount the public would be required to pay instead of reducing costs as requested;

(10) that the requested deviation will result in rates that are not inadequate or unfairly discriminatory, and which in all respects will fully comply with the Louisiana code.

Reault Elected Actuary

American Hospital-Medical Benefit Assn. and its affiliate, Community Life, both of Detroit, have elected Joseph Reault actuary and assistant secretary and treasurer of the latter company, and John Herb assistant secretary and treasurer of the benefit association.

Wyatt to Quit Hartford Accident

Hoyt H. Wyatt, claims department manager of Hartford Accident in San Antonio, has resigned effective March 1 to become a special agent for the Houston Stevens and Cummings general agency in San Antonio and south Texas.

Propose Fire Law Changes in Kentucky Legislature

Legislation introduced in the Kentucky legislature would extend the legal definition of fire losses to include losses by lightning or explosion, empower the insurance department to make general regulations to prevent or minimize fire losses, and empower the commissioner to conduct fire prevention and educational programs.

The bills would also give the commissioner the same power to enforce fire regulations as local authorities, raise the permissible limit of investment in public utility securities by insurance companies from 20% of assets to 30%, prohibit licensing of life agents under 21, and repeal the specific fire prevention provision for motion picture machinery.

Wellington Fund Increases Insurance Stock Holdings

Wellington Fund of Philadelphia, in the last half of 1953, increased its holdings of insurance common stocks by $1,559,549, and now has an insurance portfolio amounting to $7,791,074. Among the purchases of insurance stocks in the last six months were 15,000 shares of Federal, 1,000 shares of Fidelity-Phenix, 5,000 Government Employes, 3,500 Hartford Fire, 2,912 North America, 1,500 Merchants Fire of New York, and 1,500 U.S.F. & G.

Wellington has its largest single insurance investment in Continental Casualty with 12,500 shares. Other holdings include Maryland Casualty, Continental, Great American, Phoenix of Hartford.

Heads Pa. Buyers

Thomas R. Ambler of Smith Kline & French Laboratories was elected president of the Pennsylvania chapter, National Insurance Buyers Assn. William Lockard, Publicker Industries, was elected vice-president, and J. Stephen Peter, Pennsylvania Salt Manufacturing Co., secretary. Ernest N. Gilbert of Penn Mutual Life was reelected treasurer.

Kunstman Is Asst. V-P

R. W. Kunstman, assistant manager of the Pacific Coast department of Ohio Farmers Ins. Co. and Ohio Farmers Indemnity, has been appointed assistant vice-president of both companies. He will continue as first assistant to D. L. Jones, vice-president and manager of the Pacific Coast department, whose main office is at Los Angeles.

Survey Greenwich Cover

John R. Blades, consultant of Newark, is being paid $1,000 by Greenwich, Conn., to survey existing insurance, which is written by Greenwich board at premiums of about $50,000 a year, and insurance requirements. He will report to the board of estimate prior to June 1.

Firemen's, N. J., Raises Knapp

Firemen's of Newark has appointed Allen E. Knapp assistant manager at Brooklyn. He will assist Manager Fred H. Minton in fire and casualty lines. Mr. Knapp joined Loyalty group, Firemen's parent organization, in 1927 at New York City, later transferring to Newark where for several years he has been special agent in the New Jersey territory.

John C. Olkowski and Eugene Step have formed the **Olkowski-Step** agency at Three Lakes, Wis., and have taken over the business of the H. M. Olkowski agency. Gene Step is in charge of the office which is being continued in the same location.

Alfred M. Jansen has purchased the E. E. Jones agency at Newport, Wash. The agency will handle all lines of insurance, including life.

Ind. Lumbermens Mutual Appoints 3 Vice-Presidents

Indiana Lumbermens Mutual has named as vice-president emeritus C. A. Hubbard, who has been vice-president and a director and with the company 51 years, and has appointed four new vice-presidents. They are: G. E. Beall, formerly secretary, who assumes the additional duties of assistant manager; H. H. Tudor, who also has been named counsel; F. E. Binninger, and R. N. Hiatt. In addition, the company has elevated Carl S. Jones, formerly assistant treasurer, to secretary, succeeding Mr. Beall.

H. H. Tudor

Mr. Beall has been with the company 40 years. Mr. Binninger, with the company 31 years, will be in charge of property loss settlements and automobile and casualty underwriting. Mr. Hiatt, who will be in charge of agent production, has been with Indiana Lumbermens 32 years. Mr. Tudor, who has been in charge of legal work, now will supervise all automobile and casualty claims. He joined the company 31 years ago.

R. N. Hiatt

F. E. Binninger

Fake Auto Claims Abound under Mass. Compulsory

Fake auto claims have been a headache for the companies in Massachusetts under compulsory. In 1952 there were 64,013 personal injuries from car accidents reported to police. The law requires such a report immediately after the accident in personal injury cases. But there were 87,000 personal injury claims subsequently filed against insurers.

This meant that 23,000 persons suddenly discovered they had been injured in automobile accidents although at the time of the accident they apparently had suffered no injuries.

Buyers to Hear Wrenn

Fred W. Wrenn of Chubb & Son will discuss fire insurance deductibles at the April 2 meeting of the Philadelphia chapter of National Insurance Buyers Assn.

American Promotes Whalen

Joseph M. Whalen has been appointed district manager at Boston by American Mutual Liability. He joined the company in 1937 and has been branch sales manager at Lawrence, Mass.

Eye Liability for Industries

James B. Bostwick, insurance manager of Public Service Electric & Gas Co. of New Jersey; Robert M. Toelle, secretary of American Foreign Insurance Assn., and Raimund DeF. Osburne, controller of Federal Telephone & Radio Corp., Clifton, N. J., discussed liability insurance for industries at a meeting of the Newark control of Controllers Institute of America.

Two New Bills Introduced in New York Legislature

A bill has been introduced, and referred to the labor committee, in the New York legislature which would exempt from double liability the employer of a minor injured on the job if the employer elects to bring his employes under the law by securing compensation for such occurences.

Also introduced is a bill to require the insurance company mailing a notice to persons purchasing collision insurance to indicate that the policy does not include bodily injury liability coverage.

Nearing Rating Dip Prompts Boston Fire Dept. Study

Steps to reorganize Boston's fire department have been taken by Mayor Hynes since National Board indicated that the city is close to receiving a lower rating which would result in a rise in fire rates.

The city was given 987 deficiency points in a recent management study of the department, for condition of fire apparatus, deficiencies in drills, training and officers' schools, ineffective fire methods and conditions affecting department operations.

Wear Resigns to Become R. I. Agency Officer

Richard N. Wear, head of Rhode Island Insurance Rating Bureau, has resigned to become vice-president of the Morton Smith agency at Providence.

He was a representative of Liberty Mutual at Boston and Providence and later managed casualty and fire insurance coverage and rating for some of Rhode Island's industrial, contracting and mercantile corporations before taking the state job.

Ross Heads D. & C. Club

Alex L. Ross, president of Crum & Forster companies, was elected president of New York Drug & Chemical Club. Other officers are Arthur Snyder of A. M. Best, Co., vice-president; J. O. Teeter of Charles Pfizer & Co., treasurer; R. H. Nicholls of Fidelity & Casualty, secretary; William S. Auchincloss, Schnell Publishing Co.; George W. Lilly, General Adjustment Bureau; Sidney N. Stoker, Merk & Co.; Judson C. Travis, Handy & Harman, and Charles P. Walker, Jr., Van Ameringen Haebler, Inc., directors.

The club is observing its 60th anniversary this year.

Tanner Production Head

Central Surety has promoted Don J. Tanner to production manager in the agency department. He has been executive special agent.

Auto Rates Questioned in R. I.

New auto liability rates in Washington county, R. I., are being questioned by seven state senators from the county, who have proposed a resolution in the senate to take the matter up with Commissioner Bisson. They believe the rates penalize their county to make up losses in other counties.

Hear Boyle at Seattle

William Boyle, claims manager of Pacific Mutual Life at Seattle, addressed the February meeting of Washington Assn. of A. & H. Underwriters.

EIGHTY SEVEN KILBY STREET • BOSTON • MASSACHUSETTS

Tidelands Oil—Challenge In Specialty Insurance

(CONTINUED FROM PAGE 19)

spoon-feed technique such work involves. And these companies, and others that are also in the tidelands, represent wonderful companies for any insurance man to "get his foot in the door" with. Therein lies the appeal to agents who have sought the tidelands insurance business, and the agents are favoring the insurance companies which are letting them write it.

Why do oil men say, behind their hand, that tidelands so far is a "loss" proposition? An estimate made by the National Petroleum Council may carry the key. Within five years from now, providing oil companies continue to go into the tidelands at a fast rate, production will be around 200,000 bb. of oil a day (and natural gas will run about 800-million cubic feet daily). This figure, large though it sounds, is actually only about 2% of the total U. S. crude oil production for a day, yet it is estimated that tidelands production will cost oilmen about a $1½ billion before it hits a level of 200,000 bb. a day.

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It is scarcely any wonder, therefore, that only the oil giants are playing in the tidelands. But again, considering who is playing, it is of extreme interest to the insurance fraternity to make whatever insurance is desired available. After all, if insurance takes the risk along with the oil industry, then when the pay-out comes, and offshore drilling is no novelty, neither will be tidelands insurance.

Of the drilling operations in the Gulf of Mexico, only half are insured today. Moreover, there are quite a number of insurance men who are not the least bit anxious to get this business on their books. But on the other hand, there are some who are spending time and money trying to learn as much about tidelands drilling as are the oil men, with the idea that a little more knowledge on the subject might turn loss to profit for everyone concerned.

Langham, Langston & Burnett agency of Houston, are considered by many in the oil industry to be among the most foresighted of the insurance fraternity. And this reputation is not easily gained nor kept. Today, if you follow an oil publication or trade journal each week, chances are that before six month time lapses, you'd read an article by someone with L.L.&B. (most likely J. E. Pike, their marine department manager) on oil insurance, in general, and tidelands coverage in particular. Or if you pick up the *Wall Street Journal*, or *Journal of Commerce*, or *Business Week*, you'll find remarks on insuring structures in the tidelands accredited to L.L.&B.'s handsome brochure which was a compilation of everything that company could find published on difficulties for oil men and insurance men on insuring tidelands drilling and production structures.

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Not willing to allow this book-size reprint-filled brochure to get out of date, L.L.&B.'s mailing list constantly gets current articles multilithed to bring the reader up to date on tidelands activities.

Nor is Langham, Langston & Burnett the only agency eager for tidelands oil insurance. There are scores of others who want the business and who are studying blueprints of what a particular oil company wants to insure in the hopes that they, from having studied dozens such blueprints before, may be able to give a suggestion prior to construction that will prevent a costly loss.

George E. Wells, manager of the marine department for Cravens, Dargan & Co., is proud that his organization has for many years been able to arrange necessary coverage for the drilling of oil and gas wells on land and offshore. On his staff are original "authors" of offshore insurance forms. Tidelands coverage nowhere is any older than back to 1937, for that was the first offshore well drilling date. However, prior to getting full coverage with domestic companies, Mr. Wells was able to get whatever insurance he needed with Lloyd's, London. Now he says he has no trouble placing tidelands insurance wherever he pleases.

Part of his good experience in placing the insurance is, of course, the good experience record enjoyed by Cravens, Dargan. But part of it also is due to the ability to learn quickly what could be insured as a steady structure out in the ocean where dangers are mysterious and many.

Tying a barge to a production platform base in the Gulf of Mexico off the coast of Louisiana. Photograph by Shell Oil Co.

"We are still learning, all the time," one insurance man said. "Every time we are called on to sell tidelands coverage, we get another chance to find a loophole in our own thinking which might cost us our shirt."

How does an agent or an insurance company learn about tidelands? Take Langham, Langston, & Burnett's history. They wrote to every authority who might have information related to tidelands work, even prior to the time World War II was concluded. Information rolled in from a professor in Duxberry, Mass., who had made a life-time study of sea water erosion; from International Nickel Co.'s study of protecting piling in the area between wind and water high and low tide markings; from admiralty attorneys' cases involving craft damage and loss at sea; from hull insurance experience, marine insurance manuals, and even the reports of the Scripps Institute on wave action against structures.

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In addition to investigating what hazards tidelands oil structures might be up against, L.L.&B. was duly impressed, by the oil men its staff called on, that even the smallest amount of equipment that could be placed on a drilling or exploration platform would total up to more than $500,000. Also, when they first started toying with the idea of learning all they could about tidelands coverage, they found there was no existing field of insurance where rates, amounts of insurance, deductibles and exclusions of coverage could be found for comparison or guidance.

Mr. Pike claims that neither of these two impressions has changed materially today from what it was in 1947. What has changed is that it is easier to find capacity for the business. You don't have to write six single-spaced pages to tell the home office what you want to cover and why. Time—and the publicity concerning ownership—has taken care of that problem, at least.

It isn't all beer-and-skittles, however, on the placing of the coverage. While well established agencies have no trouble, chances are the home offices of the majority of insurers want still to play it "safe" on tidelands coverage, which might on one policy cost better than $1 million in loss.

An agency which gets the majority of an oil company's business on bonds, automobile, casualty, and the like probably could ask, and get, quick tidelands coverage without too much bother.

But an agency which had never seen the inside of the oil company's office until the day they phoned for tidelands coverage, might have to do some peddling to place the policy, and they might end up getting it covered a bit here, and a bit someplace else, and even some in Lloyd's.

Although there is some disagreement among insurance men as to whether tidelands insurance should be written along the lines of "what it covers" or "what it won't cover", here again it seems to be actually what that insurance man is told to do, privately, by whichever company is handling the majority of his oil or marine insurance.

Some policies, alleging to cover everything needed in the tidelands work, are on a regular 8½x11 sheet. Some fill up a packet all by themselves.

Either form, however, is not a standard form—for there "ain't no such animal" in the true sense. One company (or even two or three) may have a form that they agree to use, but insurance companies have yet to really select one style or one group of coverages for offshore activities.

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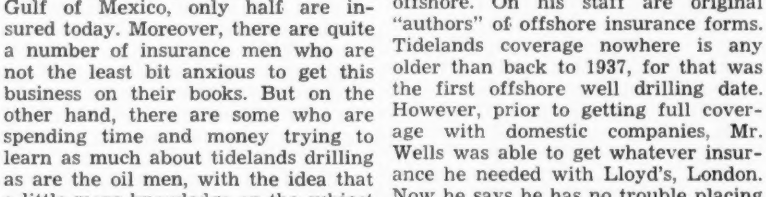
Tidelands insurance, is for the most part, negotiated insurance. Negotiated insurance is a term meaning the agent and purchaser get together and figure back-and-forth on the premium, deductible, requirements, exclusions and the like. It isn't unreasonable since operation of oil companies in the tidelands has only spanned 10 years—and some of those years have been during war and some during a congressional controversy—that tidelands coverage is for many insurance companies still negotiated.

The oil man gets up a list of what he wants covered, and its value. The agent makes exclusions. Some things, like subsidence, are always excluded. Often excluded also are any occurrences (like steam boiler blow-up) which normally would be covered by a separate policy anyway, land or sea.

The premium is, according to Mr. Pike, "by guess and by gosh". But he thinks it is stabilizing itself around 6% of value at risk, and the deductible at $10,000 or 2½%, whichever is the greater. Here, he says, the premium and deductible will go down once the oil industry decides on a definite



Manifold on the testing and pumping platform wing of rig 10 of Shell Oil Co.'s work in the Gulf of Mexico. This new style "T" shaped platform, of which this is one wing, can handle 15 wells within a mile of the platform. At present there are only five wells, with one manifold for each well.

style of platform to be used, more than likely, and also when definite safety and procedure codes are arrived at for tidelands operation.

Since 1938 when Superior Oil started the underwater oil search near High Island, La., there have been 129 different patents registered for tidelands drilling platforms, and so it is easy to surmise that about every company has its own idea on a platform design.

Insurance people have some ideas, too, on this subject, for certain styles are more suited to the Gulf's squalls and hurricanes. For instance, most agents who have dabbled in tidelands coverage for a while won't cover any platform that isn't high enough so that waves and breakers can't touch it; 37 feet above mean-high-tide is best, some of them think.

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Other insurance companies urge—or restrict against unless it is done—the oil people to keep more expensive moveable equipment during non-use periods on a platform separated from the drilling platform by a fire-proof catwalk, or else in a barge that can be cut loose in event of fire. The barge, incidentally, is favored over a split-platform arrangement when considering storms that might occur.

Also, most insurance people like to know that the oil man is getting the very best in advice from a meteorelogist and oceanographer, so that the platform pilings will be sunk in the "right place" for reasons in addition to where he may think oil could be.

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After all of this, one might wonder what all gets covered in a tidelands policy. It isn't actually one policy, if everything is written down, but a total of builders' risk insurance, dismantling insurance, drilling rig insurance, submergible drilling barge insurance, standard vessel policy, marine protection and indemnity insurance, workmen's compensation, contracter's equipment floater, comprehensive general liability insurance, A&H and group life policies on the crew . . . and sometimes even business interruption insurance.

One insurance man also mentioned something a few of the others said they had not encountered. (But they shuddered over the prospect of additional snarls it might mean.) That was when even the platform was to be beyond statutes of domestic rule and the policy had to be edited to agree with international and admiralty law. Also, a look at the location to determine what state laws would be in force—particularly on workmen's compensation—if the drilling is within domestic rule.

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One surprise for everyone in insurance is the fact that storms at sea haven't been the danger to oil platforms which one might have thought There has only been one bad loss (Ohio-Melben in 1949) from a hurricane. A lot of damage, of course, has come from the Gulf's frequent squalls . . . but no shock losses.

On the other hand, drilling at sea seems to carry the same dangers as drilling on land, where the dread of the oil men and the insurance men is fire—known in its worst form as a "blowout". When a platform, on land or sea, catches fire from oil blowing wild, it is usually a spectacular half-million dollar torch that has to be dynamited to a finish. One of these platforms represents about the same amount of money as is paid out by one company insuring people in a town swept by a tornado.

This is the reason insurance people are encouraging the oil fraternity to place, while in non-use, expensive equipment on barges, or to go to the "island" or "T" shaped platforms, separated in parts by catwalks which are fireproof. Also, when insurance people learned that there was a flirtation within the oil industry to go towards bigger and bigger platforms, the insurance men began to pressure gently for separated platforms, barge-and-platform combinations and the like.

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And in none of this has been mentioned the insurance policies that can be drawn up to sell to oil men to reimburse them, should they have to hire a firefighting team. One recent fire cost $300,000 just to control. This means an entire new vista of insurance in the tidelands.

Also, as was pointed out by Cravens, Dargan's George Wells, quite frequently a million dollars or more property damage insurance is required for third party property damage, covering property located both on the surface and underwater for which the insured may be liable.

The amount at risk is so great, he said, and all the forms of tidelands insurance coverage are so unusual, it is necessary that whichever office places the business not only has sufficient capacity but also it is extremely necessary that the underwriter arranging the coverage be familiar with the various ramifications of the oil industry itself so that the forms will be properly drawn.

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"We know of no operation where conditions so often change and where there is such a lack of uniformity as in the oil business," Mr. Wells said. "Here the underwriter is forever presented with new problems which must be worked out to take care of the particular operation being conducted."

Waiting for oil men, government experts think, is some 13-billion barrels of crude oil in the Gulf of Mexico floor, or a reserve equal to one-third all proven reserves in the United States today. There is no question that oil companies, which have never had a day's existence without risk being involved, will be going into the tidelands more and more from this time forward. Today there are only about 15 companies with offshore drilling and production operations. But there are at least another 30 companies—and even some of the well-heeled independent oil men—who are at present pricing barges, pilings, and the like, dickering with the notion of drilling offshore in their search for oil.

And with more drilling going on, there will be more experience for both oil men and insurance men to draw from and study. From this, both groups hope to learn how to make the tidelands the bonanza that everyone thinks it is already, from all the newspaper stories that were run during the congressional fight.

"Maybe someday," one insurance man mused, "tidelands insurance will be as routine—and profitable—as life insurance is today."

N. H. Promotes Perkins

Lloyd R. Perkins has been elected secretary of New Hampshire Fire. He has been secretary and assistant treasurer of American Fidelity, casualty affiliate of the company. He joined the group in 1927, specialized in claim work and was named assistant secretary in 1932.

Bond Producers Explore Problems at LA. Conventions

(CONTINUED FROM PAGE 3)

court finds a contract or any clause to be unconscionable, the court may review to enforce the contract or may strike out the unconscionable clause and enforce the contract as if the stricken clause never had existed.

Elmer C. Anderson, assistant secretary of Surety Assn. of America, commented on the parallel progress of the surety business and the construction industry, both of whieh have been establishing new records of performance.

He called attention to an article in the *Survey of Current Business* published by the U. S. Department of Commerce in December, 1952, called *Survival Patterns of the Post War Business Population.* It states that for all industries combined, one-third of firms in operation as of Dec. 31, 1951, were 7½ years old or older. In construction only one-sixth were that old. The average business age of all contractors in operation as of 1951 year-end was slightly less than 3½ years.

This is, he said, one indication of why contract suretyship is an extension of credit and not insurance, which works on averages.

The U. S. is still a most important surety customer, he said, both because of the volume of business from that source and for the example it sets. But federal business in 1943 represented 66% of that year's $18 million contract surety total; the percentage dropped to 25% in 1952. The federal premium total for contract in 1952 was $21 million, an increase of $9 million over 1943.

Coercing a contractor in the choice of his surety finds no favor among state law officials, Mr. Anderson said, adding the attorney general of Con-


R. M. Toelle


E. C. Anderson

necticut has recently ruled in a well-reasoned opinion that it is illegal to attempt to coerce a contractor in the choice of his surety. He lines up with the attorneys general of Iowa, California, Texas and New Jersey, and so far as is known there is no attorney general on the other side.

While the domestic business situation came in for expert appraisal at the meeting, foreign aspects also received close scrutiny, with H. Marshall Frost, manager of the bonding department of American International Underwriters, discussing international bonding facilities, and R. Maynard Toelle, secretary of American Foreign Insurance Assn., speaking on the general applicability of insurance coverages in foreign lands.

In many countries, where public building and construction have been usual for many years, some form of performance guarantee is a normally accepted requirement, Mr. Frost said. In Germany and Switzerland, surety companies furnish small performance forfeiture bonds. In the sterling area, contractors have long been required to put up bank guarantee. In such widely separated places as Cuba and Japan, builders must purchase government securities and deposit them with the owner until the work is complete.

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In small independent countries it has been felt that performance guarantees of these sorts were not needed. Here, the building was customarily done by wealthy family building concerns that divided the work among themselves. With no competition there was little need of bidding cheaply, especially with political influence often present to cure failures.

These conditions were not capable of accommodating the large construction programs begun in many places after the second war. At first, many jobs were let without bidding and some cost far too much. In other cases, builders failed and created losses. Since much of the money for these programs was coming from the U. S., its customs and practices were influential and many of them were adopted. Among these was surety bonding.

At the same time, many countries saw a development of great general business activity with new and strange faces coming upon the scene in substantial numbers. In some countries insurance brokers and agents appeared for the first time. Local companies began to develop both for insurance and bonding needs. Among strangers, personal acquaintance and mutual trust do not exist to constitute acceptable guarantees. Again, bonds were the answer. In many areas now, fidelity, custom, court and supply bonds are common.

Mr. Frost stressed that bonds have become and will continue to be a general rather than an exceptional requirement in construction and other fields throughout the world.

C. F. J. Harrington, executive vice-president of National Assn. of Casualty & Surety Agents, warned that failure at the Miami meeting of National Assn. of Insurance Commissioners to adopt the report of the uniform accounting committee does not finally dispose of the matter of the inter-relationship between uniform accounting and rate-making. It merely postpones such action at the national level. The report was not adopted at Miami, but neither was it rejected.

Mr. Warner in urging that the handling of contract claims be given more constructive study, emphasized these points: Early investigation of trouble to determine all facts available at the time; immediate steps to be taken to conserve the contractor's assets and organization to the end that the loss will be minimized and the work carried to conclusion as nearly on schedule as possible; greater consideration of the interest of obligee so that the performance guarantee which he thought he had will become a reality; and prompt payment to all creditors for their just claims.

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There are situations throughout the country where contractors have encountered difficulties and landed in the claim file of the surety because of the handling of the claim, he said.

Discussing captive agency appointments, he said no one should be denied the opportunity of going into any business. There are certain state agency qualification laws that fairly well answer this problem. However, in other states there seems to be an increasing tendency to appoint an individual as agent only to obtain one account. Managements of surety companies cannot be aware of many such appointments but in some cases top executives are well aware of them.

He urged a committee of companies and producers to work closely on common problems. There has been some reluctance among companies to discuss some subjects for fear of acting in concert, but he does not believe that public law 15, or other federal or state laws, prohibits a free and open discussion of problems by committees appointed for the purpose.

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If the American agency system is economically justified, it is in the public interest that producers be represented on all matters that have to do with their prosperity and continuity, so that they may continue to serve the public.

An optimistic forecast for contract bond business in 1954 was voiced by E. Kemp Cathcart, vice-president of Maryland Casualty.

The backlog of work caused by curtailment or cessation of many projects during the second war has yet to be overcome. Even in the types of construction where severe shortages existed and the crisis appears to have been met and passed, he said, so extensive is the backlog that the decline in activity is not likely to be precipitious. The housing problem is a point at issue. Hospital and institutional construction has likewise probably passed its most acute stage, yet it is anticipated that approximately $275 million will be spent on this type of construction in 1954. Expenditures for military

and naval facilities will be less but even so will still represent some $1,-200,000,000 of new construction.

Industrial construction is estimated at almost $2 billion for 1954, while increased amounts are expected to be spent on schools, highways, sewer and water improvements. Acceleration in the field of private construction also is anticipated, notably commercial construction and to a lesser extent public utilities.

Newton E. Anderson, of Anderson, McPharlin & Conners, Los Angeles attorneys, noted the change necessary in the approach to contract claims owing to the growing difficulties arising out of unpaid taxes owed by the contractor; problems confronting the prime contractor who has furnished bond, occasioned by the failure of non-bonded subcontractors; problems presented by joint ventures; problems created by inadequate accounting as it affects the surety producer and underwriter, and surety problems created by inter-jurisdictional labor demands.

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Henry C. Young, general agent of Washington, D. C. gave an informal report on the federal housing program. There is no mention of surety bonds in the housing bills in Congress, he said. This apparently will be a matter of regulation by the administrator of the housing program, if and when the bills are passed. It apparently is the consensus that it will require considerable effort to put this program through Congress and there is still some doubt as to its final form if and when passed.

Producers' commissions were discussed by Laurent A. Loustau, of Willson, Loustau & Co., San Francisco, immediate past president of Insurance Brokers Exchange of California. He analyzed the functions and services of the broker or agent, who collects and pays premiums, assists in filing claims, in surveys, policy proof-reading, and other functions. There are also certain intangible benefits derived from the producer's role.

Ryan to Bridgeport for GAB

Hugh E. Ryan has been appointed manager at Bridgeport by General Adjustment Bureau. He succeeds W. D. Hatfield, who resigned to join Glens Falls. Mr. Ryan joined the bureau in 1948 and has been on the Stamford staff since 1949.

Would Ease FR in S. C.

A bill introduced in the South Carolina senate by Sen. Moore would strike out requirements for posting and maintaining proof of responsibility in the case of certain motor vehicle and driver license violations.

Specific target of the bill is section 17-c of the state's motor vehicle act, which states that no license shall be issued and no motor vehicle shall be registered in the name of a person who is not licensed, or who drives an unregistered automobile, until he can give and maintain proof of financial responsibility.

The bill has been referred to the senate judiciary committee.

Western Millers Elects Two

Western Millers Mutual at its annual meeting elected two new assistant secretaries, Edward C. Nixon and Wayne Grissom. Mr. Nixon has been with the company 20 years as its auto underwriter. Mr. Grissom, who is marine and casualty underwriter, was formerly in the Arkansas field for the company.

Vernon O'Reilly, political editor of the San Francisco News, addressed the Feb. 15 meet-

Compulsory Rate Cut Bill Advances in Mass.

A bill permitting companies to sell compulsory automobile for less than the rates established by the state insurance commissioner has been given preliminary approval in the Massachusetts house.

Sponsored by Rep. Glasher as a merit plan, the bill was the one of several insurance measures to be approved.

The house defeated a bill which would require those who rent automobiles to take out property insurance on them. Also rejected was a bill setting up a state operated rating bureau, a hardy perennial.

Also passed by the committee was a bill to require insurance companies to give injured in auto accidents copies of company doctors' medical reports. It was advanced after debate during which it was charged the bill would invite false and fradulent claims.

Hardware Mutual Builds

Hardware Mutual of Minnesota is building a two-story office building in Los Angeles to service southern California and Arizona.

Fireman's Fund Indemnity Issues $2.50 Stock Shares

Fireman's Fund Indemnity has been granted a permit by the California department to issue 2,500,000 new shares of stock of $2.50 par value to replace a similar number of shares of $5 par value.

The company also has declared a stock dividend of 400,000 of the new shares to stockholders of record, thus effecting a share split-up of six new $2.50 par value shares for each five shares of outstanding $5 par value shares.

EDITORIAL COMMENT

A&H Needs to Speak with One Voice

The current concern over the public's hospital and medical care problems has served to point up as never before what one observer has referred to as the schizophrenic character of the A&H business. For many years the business has been pulled one way by the companies that were trying to give good value for the premium dollar and in the opposite direction by those that regarded the A&H business as an opportunity to gyp the public legally.

The A&H business never needed so urgently to speak with one voice as it does now. But who's going to do the talking? And, more important, what position will they take and how well will it stand the scrutiny it is sure to get?

Probably the first premise in forumlating a position consistent with sound public relations should be a complete and sincere realization that deception, whether deliberate or through oversight, can no longer have a place in any part of the A&H business without contaminating the entire business in a dangerous way.

This statement may sound like a swipe at limited coverage policies, but it is not. There is no reason why a company should not sell a policy that provides little but protection against injuries resulting from falling meteors —provided that is the kind of coverage the buyer really wants and he knows exactly what he is getting and whether he is paying a fair price.

After all, there isn't a policy sold by any company or non-profit organization that doesn't have limitations. The important thing is that they should be understood. Unscrupulous agents have been known to sell naive buyers 20-payment life insurance policies while giving the impression they were 20-year endowments but that is no criticism of a 20-payment life policy. In such cases it's the agent that needs controlling—and the company, if it is conniving in such a flim-flam.

Where, then, can the line be drawn, if not between limited coverage policies and the more comprehensive variety? Well, there are in the A&H business, as in all businesses, what might be broadly be referred to as men of good will, interested in making money but not at the expense of their own self-respect and the standing of their companies. At the other extreme are those interested only in keeping sufficiently within the law to escape prosecution. And there are those in between who aren't worried much one way or the other.

The men of good will need all the help they can get from the in-betweeners who haven't given the problem much thought and both groups need to prevail upon the rogue fringe either to get religion or face ostracism from the community of reputable A&H insurers.

Actually, what *is* the A&H business? As it stands now it is an assortment—life companies, casualty companies, A&H specialty companies, and the so-called non-profit insurers, which despite their slightly holier-than-thou tag are just as much a business enterprise as the non-profit mutual life and casualty insurers or the profit-making stock life and casualty insurers.

The non-profit insurers got off to a good start in public esteem, partly because of their non-profit status and partly because of their close association with the hospitals, which have a generally high ranking in the public mind. For a while it looked as if the non-profit plans were going to enjoy a special status in the current probing of the health care problem, but at the Wolverton committee hearings last fall the insurance companies made an excellent showing and made it clear to one and all that even though tagged with the "commercial" designation they could and would give the public good value for its premium dollar. The recent report of the commission on cost of financing hospital care also shows evidence of a reassuring degree of respect for the "commercial" insurers.

But none of this should be taken to mean that there isn't going to be a determined effort to separate the sheep from the goats. The insurers that depend for their profits on kidding the public on coverages and taking an unwarrantedly tough attitude on claims are going to be exposed. It is entirely possible that legislation will be enacted to cramp their style severely.

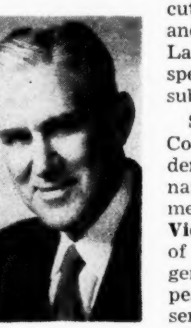
The credit that has been built up thus far by representatives of the A&H business could be seriously impaired if honest critics can say, "Sure, we like *you* all right but what about those other guys under your umbrella? Are you speaking for them or aren't you? and if you aren't, why are they in your gang?"

There is of course no legal compulsion on the A&H business to speak with a united voice. But certainly its position will be much more influential if it can speak with such unanimity. The question still remains, "Influential in what direction?" as long as there are men of ill will trying to palm themselves off as being in the same group as those who have the good of the business and the public genuinely at heart.

PERSONALS

John F. Harris, newly appointed secretary of the compensation and liability department of Travelers, has been assistant secretary of the compensation and liability department since 1947. He joined Travelers in the office manager's department at the Hartford branch in 1928 and was appointed assistant office manager at Washington, D. C. in 1929. He went to the home office in 1934 as a branch office supervisor and transferred to the automobile department in 1936 as a supervisor. He was named supervising underwriter in 1945.

J. F. Harris



J. J. Roach

John J. Roach, just named assistant secretary of the branch office administration department, has been a branch office supervisor since 1946. He joined Travelers in the office manager's department at St. Louis in 1930 and became assistant office manager there in 1934. He moved to Toledo as office manager in 1944 and to the home office in 1946.

L. Waldo Horton, vice-president and treasurer of Moffatt & Schwab, Staten Island, celebrated his 25th anniversary with the agency. He joined the firm when H. C. Horton & Son merged with Moffatt & Schwab. He is secretary of Richmond County Assn. of Insurance Agents and a past president of the Staten Island Kiwanis Club. A reception was held honoring him at the agency office.

John Dyer, secretary of Prudential, Scandia and Hudson when they were managed by Royal-Liverpool, has retired after 34 years with the group. He was tendered a luncheon by the management and former associates in the general accounts department.

Ralph A. Ashton is the new manager of the education department of Maryland Casualty. He has been in insurance company education work more than 10 years and has taught classes at Boston university school of insurance. He has given Insurance Institute of America courses through the Boston insurance library. He is a member of the bar in Massachusetts and New Hampshire and the federal bar.

Morgan C. Smith, the new manager of the fire department at Continental Casualty's metropolitan New York office, began his career as an underwriter for Travelers at Hartford and after air force service joined Republic of Dallas as a special agent in Connecticut, Rhode Island and New York. Later he was a special agent in suburban New York of Central Mutual.

Morgan C. Smith

Samuel Mehorter of the McDaniel & Co. agency, and **Miles F. York,** president Atlantic Mutual, have been named to the Red Cross campaign for members and funds in New York. **J. Victor Herd,** executive vice-president of America Fore, is chairman of the general insurance division of the appeal in Manhattan. Mr. Mehorter will serve as chairman for general agents and Mr. York for mutual and reciprocal companies.

William A. Butz, who has joined the eastern department of **Employers Re,** was assistant secretary of Sterling Offices, Ltd., reinsurance brokers of New York, and assistant secretary and director of Lion Fire before going with Employers group as assistant superintendent of the reinsurance department. After army service he went with American International Underwriters, where he has managed reinsurance activities for about seven years.

W. A. Butz

Miss Betty Schweer, daughter of **J. F. Schweer,** secretary Cincinnati Fire Underwriters Assn., was queen of the annual Xavier Mardi Gras ball in Cincinnati. Miss Schweer, who attended Maryville College in St. Louis and University of Cincinnati, teaches at Sacred Heart Academy in Cincinnati.

Franklin J. Pocquette, secretary of the Meserole group at Chicago, is back on the job again after recovering from abdominal surgery. He was absent for about a month.

Duncan C. MacEwen, a past president of H. & A. Underwriters Conference, has retired as superintendent of the A&H department of Occidental Life of California. Recognized nationally as an A&H authority, Mr. Mac-

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PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Bernerd J. Gold, Resident Manager.
SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

Ewen has for many years served on committees concerned with that field. He started in the business in 1908 with Pacific Mutual Life, advancing to vice-president in charge of its A&H department and later also in charge of its life department. He joined Occidental in 1944 after two years in special war work assignments with the air force.

Hamilton C. Arnall, agent of Newnan, Ga., as president of Newnan-Coweta Chamber of Commerce, has obtained two new industries for the area with a payroll of $2 million. He is also chairman of the Newnan housing authority and finance chairman of Boy Scouts.

Blaylock Atherton, Nashua, N. H., agent, has anounced he is a candidate for the Republican nomination for governor's council in the fourth councilor district. He is a former president of the senate and has served two terms as senator and six as representative. He was acting governor for six months in 1952.

Carl Dickey has been elected a member of the New York City public relations firm of Ivy Lee & T. J. Ross. Mr. Dickey in recent years has given special attention to the National Board account.

Edward T. Cunningham, editor of The Weekly Underwriter, celebrated his 35th year with the publication. His associates gave a luncheon for him and he was given a gift from the group. Forty persons, including the entire staff of the paper, attended.

Edwin P. Simon of the Critchell-Miller agency at Chicago is on an extended business trip that will carry him through several of the southern states and as far south as Cuba. Mr. Simon is the new president of Chicago Board of Underwriters.

George Herrmann, III, president of the George Herrmann & Co. agency of Chicago, is one of those participating in the school for presidents at Boca Raton, Fla. conducted by the Young Presidents Organization.

Joseph F. Prola of the Prola agency at Springfield, Ill., has been named cochairman of the 1954 Red Cross commercial solicitation committee in Sangamon county, Ill. Quota for this committee in the county's $94,200 drive is $8,000.

Al Slowinski, local agent at Ionia, Mich., has been named president of the Ionia Chamber of Commerce.

Never let it be said that Pompano Beach, Fla., does not draw its full share of vacationing insurance executives from Chicago. Already there, or soon to be, are: **Paul H. Barr**, vice-president Hanover; **Rush W. Carter**, vice-president and manager Aetna group; **E. H. Forkel**, vice-president National Fire; **Charles W. Ohlsen**, Sun manager, and **K. C. White**, president Underwriters Adjusting Co.

DEATHS

WILLIAM M. HOUSTON, 50, United States manager for New Zealand group whose death at Berkeley, Cal., was reported in last week's issue, died of a bullet from his high-powered rifle in the basement of his home. Accidental circumstances have been indicated.

Prior to becoming manager for New Zealand, Mr. Houston had succeeded the late Charles L. Barsotti when the latter dropped dead within a few blocks of his office. Mr. Barsotti became U. S. Manager following a hunting accident death of Chester C. Stutt during a hunting trip with the late Mr. Houston. They were long close friends and hunting and fishing companions. Mr. Stutt and Mr. Houston had been in the mountains several days and Mr. Houston returned to camp late one afternoon and waited until long after dark for Mr. Stutt when he then called for assistance to search for his companion. The following morning Mr. Stutt's body was found at the foot of a cliff. It was presumed that Mr. Stutt had lost his way in the dark and had fallen over the cliff.

ROBERT D. EVANS, 56, claims manager at Chicago for Travelers, died there. Mr. Evans began with Travelers at Chicago more than 33 years ago in charge of life, accident and group. He spent short periods in Peoria and the home office and then returned to Chicago, where he had been claims manager for the past 11 years. Mr. Evans had been hospitalized because of a heart attack suffered on Jan. 4. He had had a previous attack last June.

JOHN H. GOOD, 57, partner in the Boston agency of Fairfield & Ellis, died unexpectedly. He had been a partner since 1936.

ALFRED CAMPBELL, Canadian manager of North British and Mercantile, and his eldest daughter Elisabeth, were killed in a traffic accident the night of Feb. 26 near Ste. Rose, 20 miles north of Montreal. Mrs. Campbell and Robert Mott, a friend, escaped with injuries.

Mr. Campbell joined North British in Nottingham in 1920. He moved to Canada in 1934 as casualty superintendent and was successively assistant manager and deputy manager and was appointed manager for Canada in 1948, also becoming president of Occidental Fire.

Mr. Campbell was active in insurance circles. He was an associate member of the Chartered Insurance Institute of Great Britain and a past president of the Insurance Institute of Montreal. He was a director of the Underwriters Adjustment Bureau—and also its first president—and a director of Underwriters Laboratories of Canada.

C. J. BALDWIN, 75, retired local agent at Billings, Mont., died. Mr. Baldwin had served in the state legislature intermittently from 1915 to 1947.

ERNEST MARVIN AIKEN, 55, local agent in Washington, D. C., died at Oxford, N. C.

BERNARD J. McGURL, Sr., 78, local agent at Scranton, Pa., died.

MRS. MAE HUGUELET, wife of Charles H. Huguelet, Chicago broker, died at her home at Homewood, Ill. Mr. Huguelet is one of the most familiar figures in the agency end of the business at Chicago, having been in insurance there since 1902.

MRS. HENRY W. JENISCH, whose husband is associated with the Frank agency at Covington, Ky., died after a long illness.

FRANK J. BROWN, 67, Minnesota director of the State Farm companies of Bloomington, Ill., died at his home at St. Paul. He had been with the companies since 1937.

LEON K. KUESTER, 49, who owned the local agency bearing his name at Missoula, Mont., died of injuries received in an auto accident in that city.

William PEET (P-E-E-T) Addresses Contractors

William Peet, manager of the survey and analysis department of Marsh & McLennan in the Twin Cities addresed the Feb. 23 meeting of Associated General Contractors at Minneapolis on the subject of "A Few Suggestions to Management About Insurance."

Mr. Peet is president of the Minnesota C.P.C.U., and recently participated in a discussion meeting on insurance before the Twin Cities chapter of Controllers Institute of America at St. Paul.

At that time, THE NATIONAL UNDERWRITER did violence to Mr. Peet's name, for which the editors are duly contrite. Mr. Peet has written THE NATIONAL UNDERWRITER in the following good natured vein to call attention to the blooper on page 18 of the Feb. 4 issue:

They've called me "William Pett"
But that's all wet;
And I've been known to weep
When they say "Peep,"
But topping them, God wot, I've gone to "Pot"!
Could be a tempest in a teapot,
But *you* have made it
"WILLIAM P. POT"!

Treharne Says Collapse of His Insurers Has Left Him Broke

Spencer S. Treharne, who headed United Lloyd's and United World Life of El Paso, said the collapse of his insurers has left him broke. He is quoted in the newspapers as saying: "This has cost me $200,000 and the loss of everything I had. My friends have lent me money to pay my bills. I am interested now only in clearing my name, and not being labeled a fraud."

AUSTIN—Judge Charles O. Betts has entered a final judgment cancelling the charters and operating certificates of United Lloyds and United World Life. All policies were cancelled as the permanent injunction was granted.

Will G. Knox, liquidator for the board of commissioners, became permanent receiver. The judgment was not contested by Spencer S. Treharne of Ruidoso, N. M., operator of the two companies.

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United Lloyd's is the company principally concerned in the charges by the Texas board of commissioners. It is alleged the companies were operated fraudulently, and Mr. Treharne said apparently the board wants to change the insurance laws, and it moved against him without giving him a 30 day notice prescribed by law. All his funds have been tied up.

In granting a temporary injunction against the companies, Judge Betts at Austin said the court order was "no reflection on Treharne's honesty or integrity."

Originally, a number of individuals with the company and agents of the company had their funds tied up also, but now they are released and only Mr. Treharne has his personal money involved in the injunction.

Descriptions Essential in Jewelry Policies

The importance in policies of exact descriptions of articles, especially jewelry, was stressed by N. J. L. Pieper, vice-president in charge of claims for National Surety and formerly head of FBI operations in northern California, at the meeting of Mariners Club of New York.

He explained that complete and accurate identification of items in jewelry policies was a great help to loss departments and that the lack of such descriptions was a severe handicap when atempting to effect recoveries. Speaking of the advantage of up to date appraisals to assure proper valuations in addition to description, he said the better the identification, the more chance there is to locate it after a loss.

Detroit Speakers Level 3-Way Blast at Compulsory

(CONTINUED FROM PAGE 2)

Since he came into office in 1951, there has not been a single complaint in Michigan on the assigned risk plan, Mr. Navarre continued. The plan has had a lower loss ratio than the average for the non-assigned business.

"When you start dabbling with compulsory, you eliminate competition... If you do it in one field how can you stop it in another? Don't open the door," he urged.

Mr. Navarre gave his comments on compulsory extemporaneously at the opening session of the agents' meeting, and then later on at the luncheon that concluded the gathering he gave a prepared talk in which he wasted no words in warning the agents they must get their house in order if they are going to meet new types of competition, especially from the direct writer. The continued existence of the agency system is threatened by conditions from within itself more dangerously than by conditions outside, he declared.

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The agency system is predicated on the idea of personal service, and success or failure rests upon that service. When the public believes it no longer needs the services of an agent, or when the services are no longer worth what they cost, other methods of acquiring insurance will be sought and will be provided. Growth and development of new systems and new methods are frequently brought about through the inefficiency or failure of an existing system, and Mr. Navarre said the agent's failure to serve his policyholders gives rise to a new need—a need for a system that provides the service required or at least one that makes no charge for a service not given.

Areas of encroachment upon existing systems, he said, are usually those wherein the system has become most vulnerable. Competition has a way of detecting those areas. It is ruthless and unsentimental about filling a void brought about by failure, indifference, obsolescence, or the moral decrepitude of a competitive method of doing business.

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"The public pays the agent's commission," he said. "The company on the risk is most often unknown to the insured. The relationship between the agent and the policyholder is a personal one. The company's relationship is remote and incidental. If, and when, the relationship between the insured and his agent becomes impersonal or indifferent, the agent has lost his value."

An agent who loses sight of the simple moral principle that "the servant should be worthy of his hire" courts economic disaster as well as spiritual corruption, the commissioner added. Acceptance of a commission entails a moral responsibility to serve the insured. The extent and character of that service will ascertain to what degree the agent is worthy of his hire, and it is the policyholder who pays the price who will ultimately determine the value of an agent's service to him. "The iniquitous among the agents and companies who accept premiums and fail to provide coverage at fair and reasonable cost, and who fail to give in addition adequate service, hasten the day when the ever present threat becomes a reality."

The agent and his associations are powerful factors in providing the quality of service the public wants, Mr. Navarre continued. However, if agents "because of cupidity or for other reasons" accept commissions and fail in their duty and responsibility to the policyholder, "no association or legislation will long forestall the establishment of competitive forces in their place."

In his discussion of compulsory disability, Mr. O'Connor declared when New York adopted its DBL in 1949 it established a legislative principle of putting the state into the insurance business and of compulsion to buy insurance, so that Superintendent Bohlinger is justified in saying as respects compulsory automobile that the legislative principle has been established. "If you get one, you get the other," Mr. O'Connor said.

If the insurance business, particularly the people in the casualty business, had vigorously opposed disability benefits for New York, it might have been defeated, and the casualty companies and agents in New York would not be battling today to prevent adoption of compulsory automobile.

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He outlined some of the results under the California compulsory plan, which started out with maximum weekly benefits of $20 and which since has been increased three times so that the maximum is now $35 and there is included an additional $10 per day hospitalization benefit. State compulsory cash sickness becomes a political football with a drive for increased benefits at each legislative session. There is little or no consideration given to an increase in the premium tax, and as benefits increase more prospects are removed from the eligible market for private coverage. From 1946 until 1950, private companies operating in California were able to write the business in competition with the state fund and make a profit. However, beginning in 1951 the majority of companies have shown a net over-all loss. In 1951 the

loss was .88%, in 1952 it was 1.90%, and in 1953 Mr. O'Connor predicted it will be 2.5%.

The insurable markets under the California laws are rapidly drying up for the private companies, and it is just a question of time before California will be a state monopolistic set-up and the state fund will be the only source available to write the business. The same situation is developing in New Jersey. "With this situation prevailing, I wonder how long it will be before the state extends its tentacles into other lines of private insurance?" he asked.

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Insurance plays an important part in the economy, and so it is always vulnerable to attack. Mr. O'Connor asked the agents to be alert to put the finger on propaganda, saying he has had in mind the present activities of the House interstate and foreign commerce committee, which is holding hearings on the health status of the people, "with the idea in mind of inflicting some sort of sickness insurance scheme on us. It seems to be the great indoor sport of our federal legislators." There have been volumes and volumes of hearings on this subject printed and covering investigations of the nation's health over the past 20 years. There are dire prognostications about national health even while the people keep on breaking health records and one disease after another is relegated to the background; hospitals are built, voluntary insurance expands, and only the politicians are left to talk about ill health and demand a law. "I do believe our health would be even better if the government would stop fussing over it in attempting to regulate matters which are, after all, largely individual and most personal," he said.

Mr. Walsh said compulsory disability has been beaten in Massachusetts several times in the last five years, even though the state is the only one operating a compulsory automobile insurance plan. It shows that if the agents fight they can beat such measures, he said.

The request for an agent to describe his point of view on how compulsory works is the first that has been made on this score since the compulsory law was passed in Massachusetts 27 years ago, he remarked.

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The Massachusetts bill was introduced first as a measure to promote highway safety, but nothing is further from the truth that compulsory does this, he declared.

Massachusetts agents are staggered at expiration time, Mr. Walsh said. Expirations all fall on the same day, Dec. 31, and the rates are supposed to be promulgated by the commissioner in September. This is not always done because the rate situation is a political matter and usually they come out sometime in November. One year they were delayed until Dec. 15, and the agents had to scramble around and get all their policies written up in almost no time. Even at a 10% commission, in 8 out of 10 agencies, automobile is the bread and butter line. It gets so heavy the agent has the ever present danger of being cancelled out unless he is able to get all of an individual's business.

The rate making process should be taken away from the commissioner and handled as it is in other states, Mr. Walsh recommended. The state also needs a standard automobile policy instead of the special one made up for Massachusetts, and there has to be found a way to handle undesirable risks. Persons going into the assigned risk plan get the same rate as anyone else, but the new demerit system may be of some assistance in this.

The time has come for some practical work to be done to improve highway safety, he added. It does pay off because in Massachusetts the accident death rate for 100 million miles last year was 3.3 as compared with 7.0 nationally.

The idea of combining financial responsibility and unsatisfied judgment bills is not good, Mr. Walsh remarked. This asks the state to get into the insurance business as concerns unsatisfied judgments only, and to stay out as regards the rest.

The Michigan agents were rocked back in their chairs when Mr. Walsh related some of the rates being charged in Massachusetts. A class-risk pays $89 in Springfield, Mass., and class 2 is $45 more. "That's where the light is coming," he said. Even so, if the classification plan had not been put in, all the insured in Springfield would be paying more than $100 for their policies.

The agents have a problem in that the state does not require the insured to have his policy paid for when he gets his license. The agents have been offering a lot of credit to their insured, and now they are in the soup because the state has passed a law saying that agents doing a finance business on premiums come under the small loan act. There is a turmoil as to how this is to be handled.

If legislative expression represents public reaction, the people of Massachusetts are satisfied with compulsory, despite its shortcomings, Mr. Walsh concluded.

NAIC Seeks Light on Surplus Placement

Commissioner Gaffney of New Jersey, chairman of the unauthorized insurance committee of National Assn. of Insurance Commissioners, has asked various interests in the business to assist in a study by NAIC of undesirable practices of unauthorized insurers.

He has issued a general invitation to insurance companies, producers, etc., to furnish suggestions and recommendations through the NAIC headquarters office at 160 North La-Salle street, Chicago. He has asked insurance departments to furnish substantially the following information:

Steps necessary to eliminate practices found to be undesirable. What if any amendments to existing surplus line laws are necessary to prevent existing abuses? What steps are necessary to enable authorized insurers to satisfy the insurance requirements of the public; what requirements are now claimed by the unauthorized insurers that they only can satisfy?

What other action is necessary to protect the public interest and to eliminate the prejudicial position in which authorized insurers are now placed? What statutory provisions exist in each of the states on the subject? What proposed new legislation is being offered? Any other general recommendations?

It is known that the commissioners of several states have had an increasing amount of trouble with surplus lines placement, including New Jersey.

Ind. Lumbermens Mutual Achieves New Records

Assets of Indiana Lumbermens Mutual reached a new high of $19,403,805 in 1953 and surplus rose to $5,197,731. Premium writings during last year were $14,169,436 and payment to policyholders totaled $2,014,981.

Elsie Lotz has been appointed office manager of Bureau of A & H Underwriters, replacing Natalie Nosworthy, who resigned. Miss Lotz joined the bureau in 1953 and had been in insurance previously with Travelers in New York City. She also had experience with Russell Stover Candies Co. in Kansas City.

Osborn Retires, Wickard Successor on Coast

Harold H. Osborn, secretary and assistant manager of the Pacific department of North British at San Francisco, is retiring after 43 years with the group. Fred E. Wickard is advanced from assistant secretary to succeed Mr. Osborn. At the same time, Assistant Secretary R. P. Daniels succeeds Mr. Wickard.

F. E. Wickard

Mr. Osborn entered insurance in 1906 in the adjusting office of Pennsylvania Fire. When that company merged with North British group, he served as examiner three years and as chief underwriter 16 years, being appointed Pacific department secretary in 1936. In that capacity he was assistant to former Manager A. T. Bailey until 1938 when he was given the additional title of assistant manager. He served on various committees of Pacific Board and Pacific Fire Rating Bureau. In 1953 he was director and president of Idaho Surveying & Rating Bureau. He is a life member of Fire Underwriters Assn. of the Pacific and Blue Goose.

Since 1920 Mr. Wickard has been with the group, serving in various departments. He was Oregon special agent 1926 to 1931, when he returned to San Francisco in the reporting form and inland marine department. He became assistant secretary in 1942.

Mr. Osborn was honored recently by about 45 of his associates at San Francisco at a dinner at the St. Francis hotel. He was presented with several gifts by field men and office personnel.

N. J. Hearing on Compulsory

A hearing will be held in Trenton March 30 on a bill that would eliminate the present $1 fee collected from insured drivers to support the unsatisfied judgment fund and increase the fee paid by uninsured drivers from $3 to $5, to $10 next year and $20 the year after.

Another bill in New Jersey would prohibit private insurers writing benefits and create a state monopoly.

Two new agencies have been incorporated at St. Paul. They are Homer G. Heidt Co., and Liberty Agency, Inc.

Commercial Floater Pushed on Coast

Several companies in California have introduced what is called the commercial property floater contract and some are quite active in solicitation of business with this policy. Among the companies writing it are Fireman's Fund, American, Providence Washington, and Security of New Haven.

The cover is an all-risk type of protection, basically fire and extended coverage, but picking up for an extra loading all risks except earthquake (which can be added by the earthquake assumption clause), flood unless specifically endorsed, which exclusion is not applicable to property in transit, the usual inland marine exclusions of dampness, deterioration, etc., mysterious disappearance, etc.

The cost of the loading is said to vary to some extent with every company. One description of the general character of the cover is a modified manufacturers output.

The coverage apparently is being restricted presently to durable goods. The coverage includes open stock burglary and sprinkler leakage. It is a reporting form with a deposit premium.

A. R. Krausse General Agency Is Enlarging

Arthur R. Krausse & Co., the A&H general agency of Los Angeles, is enlarging its office at 649 South Olive street. The agency writes commercial A&H, professional group, hospitalization and surplus lines in General Accident, Metropolitan Casualty and London Lloyds.

Arthur R. Krausse was formerly Pacific Coast manager of Merchants of New York, and later was manager of Surplus Line Assn. of California. He was elected chairman of Surplus Line Assn. this year.

In 1945 he joined William E. Lebby, who has a large general agency for A&H in Los Angeles, and in 1950 he went into business on his own.

J. Richard Brown, who has been with the Lebby organization as brokerage manager for three years, has joined Mr. Krausse as vice-president. Mr. Brown started in insurance in 1946 at Chicago with the Meeker-Magner general agency, where he was for three years in A&H underwriting. He is vice-president of Los Angeles A&H Assn. of A. & H. Underwriters. During the war he served in the air forces as a captain.

National Board to Fight Cost-Passing Case in Ky.

National Board has taken on a case in Kentucky involving charges against fire companies in 68 cities where the costs of the companies' municipal licenses have been passed on to the policyholders. A suit has been brought by Louisville Attorney Sam Rosenstein, contending that the companies have no right to pass these costs, although this practice has been okayed by the Kentucky department and the state attorney general.

Meeting in Louisville with George H. Parker, manager of the Kentucky Inspection bureau, were Ray Berry, general counsel of National Board, and E. M. Griggs, assistant general counsel.

Russell Agency Is Honored

Karl Weipert, mid-west manager of London Assurance, was host at Milwaukee last week to the George H. Russell Co. agency on the occasion of its 60th year of representation of London. Among those attending from the agency were Bradlee Van Brunt, president; Thayer Z. Clayton, vice-president; G. Russell Van Brunt, treasurer, and Robert T. Clayton, secretary. They were accompanied by their wives, and Mrs. Weipert also attended. Thomas Hamm, Wisconsin state agent of London, and Mrs. Hamm, also were on hand.

Safeco Active in East

Safeco, the General of Seattle auto insurer that writes 10% off, is operating in New Jersey and has added to the already lively competition for auto business that characterizes that state. Farm bureau and Allstate are big writers in New Jersey.

Safeco has applied for a license in Connecticut and is said to be appointing agents in that state.

Hikes Auto Dividend

Utica Mutual has increased from 10 to 12.5% its dividends on auto policies expiring May through July, effective for all policyholders except in Massachusetts, a compulsory state.

John Kean, Jr., ocean cargo superintendent of National of Hartford group, spoke at the February meeting of *New Hampshire Insurance Women's League* at Nashua, N. H.

Little Heads A&H Assn. of California

California Assn. of A&H Underwriters has been formed at Los Angeles with these officers: President, Robert Little, general agent Paul Revere Life, San Francisco; northern regional vice-president, William Miller, general agent Massachusetts Bonding, San Francisco; southern regional vice-president, Joseph Silverstein, Occidental Life of California, Los Angeles; secretary, Merle Van Epp, general agent Paul Revere, San Diego, and treasurer, Herbert Rose, Unity Mutual L.&A. Los Angeles.

Addressing the initial meeting were Tom Callahan and William Coursey, president and managing director respectively of International Assn. of A&H Underwriters. Other associations represented were A&H Managers Club of San Francisco, A&H Health Managers Club and A&H Underwriters Assn., both of Los Angeles, and Health Managers Club of San Diego.

Lusk Improperly Identified

In last week's issue, reporting the March 18 regional meeting of National Assn. of Independent Insurance Adjusters at Chicago, one of the speakers, Robert Lusk, was incorrectly identified as head of the adjuster education project of NAIIA. Mr. Lusk is educational director of Mutual Loss Research Bureau.

Homeowners Policies of N. A. in Effect in N. Y.

The homeowners policies of North America became effective in New York on Feb. 15. That was the date on which the homeowners contracts of Multiple Peril Insurance Rating Org. went into effect in New York.

Md. Assigned Risk Bill

An assigned risk bill empowering the Maryland commissioner of motor vehicles to parcel out bad risks among automobile liability companies has been introduced in the Maryland legislature.

Harrison agency has been opened at 214 East Vermilion street, *Lafayette, La.*, with a capital of $10,000.

Russell Guidry has opened an agency at Church Point, La.

Agents Review Merits of Bureau, Non-Bureau Auto

(CONTINUED FROM PAGE 3)

in selling auto insurance. He quit in 1943 because he didn't own his renewals. A friend advised him to get associated with a "name" company, and he signed a contract with a bureau member. While trying to get started in this way, Mr. Cole said he had to borrow on his life insurance twice. And that wasn't, he said, because he didn't know how to sell.

Mr. Cole then signed with a non-bureau company. This company offered broader coverage—theft of wearing apparel stolen from a locked car, payment in case of accident involving two of the company's insured to both of them, among other things—and had a cooperative advertising program with agents that actually put business on the books. Bureau national advertising is of no help to an agent, Mr. Cole said.

When he was with a bureau company, Mr. Cole said he could do all his own bookkeeping and policywriting at his home without feeling he was spending too much time at it. With the non-bureau company he has built his own building, has hired three girls, and is rolling.

Mr. McCaffrey offered the speakers, after their presentations, a chance to add a word or two, and Mr. Worgess took advantage of this to comment that business placed with non-bureau companies is apt to be more important to them than to a "bureau giant." The agent of an independent has a chance to become acquainted with the company officers and discuss his problems, which is not often easy to do with a bureau company, and "even so the agent might not want to make a trip to Hartford."

How can bureau companies justify three commission scales? Mr. Mundus outlined some history of the days when bureau companies operated through general agents instead of branch service offices. That has changed over the years, he remarked, but today if the agent offers a bureau company sufficient volume he can get a general agency contract.

Who thinks bureau companies don't cancel all of an agent's risks? There are exceptions, Mr. Erickson said. There might be a wrong field man, and "not all the 146 members of the bureau see the picture as they should."

Do non-bureau companies pay PDL claims without delay? Mr. Worgess said he would answer that one "yes" without any qualification.

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An insured expects the best in claim service, no matter what he pays for his insurance. Don't bureau companies do better on this and give fewer headaches to agents? Mr. Cole said since he went with a non-bureau company he has written a lot of business directly as a result of claim payments. Mr. Mundus commented that many non-bureau companies have their claim departments divorced from the production department, while with the bureau the production department does have something to say about payments.

What are the advantages or disadvantages of the six-month policy? Mr. Worgess said just recently he wrote a 1949 Cadillac in a bureau company at $185. With a six-month policy, the insured wouldn't have had to scrape together more than $92.50.

Frankly, "I wouldn't have to carry him so long as I'll have to." With premiums around $200 or more, Mr. Worgess said more companies will have to get around to this idea.

An agent with all bureau companies said class 2 risks just walk out of his office when they hear the rate. They go to an independent, and the agent may never get any more business from that source. What about this? The bureau classification plan is designed to put each group in its right place and allow competition with the independents, Mr. Mundus explained. But where is the market for class 2 aside from the bureau? he wanted to know. However, the class 2 situation can get highly embarrassing when it gets into assigned risk, Mr. Mundus added, mentioning the case of a boy who was cancelled by the Farm Bureau, went into AR and was insured by Detroit Auto Club at $41.50. His father was assigned to a bureau company and had to pay $95. "This can't be explained to the insured, and frankly I think it's a crime," Mr. Mundus declared.

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If a bureau company quits the bureau, should the agent quit that company to stay with the bureau? Not necessarily, if that company is doing a good job for the agent, Mr. Erickson said. The company won't change its character because of leaving the bureau. But if the company is, for instance, the number three company in the agency and changes its rates, maybe the agent should think about dropping it.

How does a mixed agency explain to clients the handling of both types of insurers and selling at different rates? Either insured or agent makes a mistake switching from one company to another just for a few dollars, Mr. Worgess said. The insured should be told to stay with the company that has been carrying him, so he will be OK when he runs into trouble.

Reinsurance Corp. Shows Gain in Assets for for 1953

Reinsurance Corp. of New York showed an underwriting profit in 1953 despite unusually heavy losses from tornadoes in the first six months, and the Livonia, Mich. fire of General Motors.

The statement showed an increase in assets of $412,152 to $21,315,210. Dividend payments were maintained at 45¢ per share, the rate in effect since 1950.

Tenn. Commissioner Warns on Mail A&H

Commissioner Northington of Tennessee has warned that mail order A&H is responsible for most of the complaints his department receives.

He explained that the department keeps watch on all complaints against companies selling such insurance in the state and if the complaints appear to be running too high against a company, it is investigated. He suggested the people buy only from licensed agents, that they read the policy carefully and that they not wait until they are sick to purchase the insurance.

Bar Group Opposes Compulsory

Albany County Bar Assn. has gone on record opposing compulsory automobile legislation in New York. The association debated alternative plans of tightening highway safety laws and setting up compulsory automobile inspection, as well as a means to enforce collection of unsatisfied judgments involving financially irresponsible drivers. The vote against compulsory was almost unanimous.

Name Directors of New Constellation of N. Y.

Constellation of New York, the new $3 million reinsurer which will be managed by Sterling Offices, Ltd., under Douglas K. Hoverkamp, will have on its board representatives of the European companies which are shareholders and eight American directors.

D. K. Hoverkamp

The American directors are G. Peter Fleck, president of Amsterdam Overseas Corp.; Berkeley Gaynor, vice-president of J. P. Morgan & Co.; Mr. Hoverkamp, who is secretary of Sterling Offices; P. V. G. Mitchell, retired vice-president of U. S. lines; D. H. Morris, Jr. vice-president of Bank of New York; Thomas O'Boyle and William F. Pease, partners in the law firm of Shearman & Sterling & Wright, and Paul R. Willemsen, president of Sterling Offices Ltd.

Mr. Hoverkamp, who recently was appointed head of Sterling Offices management department, was 2½ years with the U. S. branch of Royal Exchange. After army air corp service he joined Sterling Offices in 1948, was appointed assistant secretary in 1950 and secretary in 1953.

N. Y. Bill Asks Data on Labor Group Welfare

Labor organizations that maintain welfare funds will be required to give details of employes and insurance held by a new bill passed by the New York senate and sent to the assembly.

The report, filed by July 15 and amended quarterly thereafter, would contain names, addresses and salaries of the organization's officers and employes engaged in maintenance or administration of the organization. If the organization purchases insurance, the names and addresses of the companies, brokers or agents acting in procurement of insurance must also be listed.

Judge Exonerates County, Welfare Board in Suit

A $15,000 malpractice suit against the county and welfare board which operate the city and county hospital at St. Paul has been dismissed by the district court there, which upheld contention of the county attorney that the county and the board are political subdivisions which are conducting governmental functions in the operation of the hospital and therefore are not liable for the conduct or negligence of doctors or hospital officers.

A blanket policy of malpractice insurance covering the hospital, the doctors and the welfare board was dropped last year because it was too costly and at that time the welfare board granted to each doctor at the hospital a sum in addition to his salary that would pay for individual insurance against malpractice actions.

Still liable as a defendant in the suit is the doctor who as an interne at the hospital was named by the woman who brought the lawsuit. Ruling in the case was Judge Gustavus Loevinger.

H. J. Nelson Retires

H. J. Nelson, after 53 years in the underwriting department of Hanover's western department, has retired. Mr. Nelson is one of three brothers whose service record with Hanover totals more than 150 years, there being a Nelson with the company's western department since its opening in 1894.

The first of the brothers to join Hanover was V. M. C. Nelson, who retired as chief accountant after 51 years of service. He died in 1951. He brought his brother, Axel, into the company in 1897. Axel Nelson, a charter member of Assn. of Fire Insurance Examiners of Chicago, retired in 1952 after 55 years service.

H. J. Nelson's nephew, Robert A. Nelson, is assistant manager at Chicago of National Automobile Underwriters Assn.

Government Employees Has 38% Premium Gain

WASHINGTON—Government Employees Ins. Co. plans to issue this year new medical payments and comprehensive personal liability coverages.

The company had 41% increase in 1953 in net income, to $1,504,748, equal to $5.47 a share. Premiums written were $20,959,238, an increase of 38%. The number of policyholders Dec. 31 was 264,036, increase 24.5%. Assets totaled $27,718,847, increase of 40%.

The company plans to occupy in 1955 the former FHA building on Vermont avenue, purchased during the year in order to provide for company growth.

National Board to Give Fire Prevention Awards

A reception honoring press, radio and TV for bringing about better public understanding in the need for greater fire prevention and safety will be given by National Board March 17 in New York.

Eighty-three newspapers, radio and TV stations have been nominated for the 1953 gold medal awards of the board. The winners will be announced at the reception. The medals, or their equivalent of $500, are given in each of four classifications, and will be presented at functions in the recipient's communities.

Nominations were made by fire department officials, civic and business groups and community leaders. Judging has been completed in the radio and TV division and daily and weekly newspaper entries will be judged soon.

Plan Wash. DISC Course

A disability insurance sales course will be held on the campus of University of Washington March 21-24, sponsored by the university and Washington Assn. of A. & H. Underwriters. In charge of the course are Ray Ethell, president of the association, and Donald F. Hayne, head of the university's insurance department. This will be the first DISC to be presented in the Pacific northwest.

Continental Casualty Names Kell at H. O.

Kenneth B. Kell has been appointed superintendent of agencies of the fidelity and surety department of Continental Casualty. He began in insurance in 1937 as a special agent for Fidelity & Deposit at Kansas City, later becoming assistant manager at Syracuse from where he went to the home office agency department. Subsequently he became manager at Omaha and traveled Nebraska, South Dakota and western Iowa. An army veteran of the last war, Mr. Kell is a graduate of the University of Kansas.

K. C. Society to Hear Fergason

Guy Fergason of Fergason Personnel, Chicago, will address the March 9 meeting of Insurance Society of Kansas City on "Personnel Techniques and Problems in Insurance".

Murray Lincoln Named President of Nat'l. Casualty

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years later he was named executive secretary of Ohio Farm Bureau Federation, a post he held until 1948 when he resigned to devote full time to the insurance companies. He is also president of CARE (Cooperative for American Remittances Everywhere).

National Casualty is this year observing its 50th anniversary. It was originally organized in 1894 as National Protective Society, and was incorporated in 1904 as National Casualty with a capital of $100,000 and $31,242 paid in. As of Dec. 31, 1953, the company had assets of $17,391,382, while net premiums written were $15,227,238. National now operates in all 48 states, District of Columbia, and Hawaii.

Fifty years ago the lumberjacks of northern Michigan were hard pressed to get necessary insurance protection. National Casualty company met their need and embarked on an ever-growing program of devising insurance to meet special needs and changing times. The company has kept pace with the development of industry and provided needful protection for those engaged in various occupations.

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From its earliest days the company has won praise for its practices, its ethics, its forward outlook.

Down through the year, the insurance department examination reports, and the conventional examination reports of National Assn. of Insurance Commissioners, brought forth expressions of the strong financial condition of the company and the adherence to sound underwriting principles and maintenance of a policy of fair dealing to policyholders and agents.

The company, following its original purpose of meeting the needs of people, has flourished despite three depressions, two world wars, a serious epidemic in 1918 and the inflationary trends of the past decade.

The company has always taken a leading part in the advancement of the A.&H. insurance industry. To safeguard this rapidly growing industry, the Detroit Conference was organized in National's home office and the company furnished the leadership for the new organization. Today the conference is known throughout the A. & H. field.

Some 35 years ago, when compulsory health insurance was first advocated aggressively and bills were introduced in a number of state legislatures, National took a leading part in organizing Insurance Economics Society of America. The campaign before state legislatures lasted five years—but not a single bill adverse to the industry was passed.

Dixie 1752s Elect

Dixie 1752 Club at its annual meeting elected W. C. Brunson, Jackson & Brunson, as president; C. K. Stephenson, Unity Mutual, 1st vice-president; L. Jack Smith, Fidelity Mutual, 2nd vice-president; Allan Glatt, McNeese & Co., secretary-treasurer. The group takes in the mutual field men in Alabama, Louisiana and Mississippi. The annual meeting was at Jackson, Miss.

Pond to Honor PMLGs

Past most loyal ganders of St. Louis Blue Goose will be feted at an "old timers meeting" March 8. Presiding will be Earl S. Hannan, Western of Fort Scott group, present most loyal gander. Main speaker will be Charles DeWitt, former vice-president and part owner of the former St. Louis Browns baseball team, which have become the Baltimore Orioles of the American League. Mr. DeWitt now is head of the DeWitt agency at St. Louis.

Hearing Adjoins with Eye to Full A&H Probe

(CONTINUED FROM PAGE 1)

mercial Travelers Insurance Organizations. They were cross-examined by Committee Chairman Langer and William C. O'Brien, assistant solicitor Postoffice Department, Abe McGregor Goff, solicitor of that department, also participated briefly in questioning Mr. Layne.

A number of persons connected with or related to the insurance industry attended the hearing, including state commissioners, Clarence C. Klocksin, National Board representative; Charles Houston, assistant manager U. S. Chamber of Commerce insurance department; and Robert Sills, federal trade commission attorney in charge of its health and accident investigation.

Mr. Hubbard made it clear, in his opinion, that problems involved in false or misleading advertising are not limited to the mail order industry. Wherever it is, or by whom, he declared, it ought to be stopped.

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Assn. of Insurance Advertisers issued the following release:

"Associate General Counsel Layne testified that he knew of no instance in which a member of the association had intentionally failed or refused to follow rules of fair advertising. He further stated that he knew of no instance in which a member had refused to change an advertisement when requested to do so by any federal or state agency.

"The testimomy pointed out that the association had voluntarily drafted its own rules for fair advertising of insurance policies and that the federal trade commission had initiated the federal trade commission proceedings which resulted in the issuance of rules by the FTC in February, 1950, for fair advertising of insurance policies. The rules of the federal trade commission were said to be based largely on the rules voluntarily adopted by the members of the association several years before the federal trade commission acted. The association also testified that the members had cooperated fully with the federal trade commisison since the issuance of the rules by that agency in 1950.

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"The testimony pointed out that 'mail order insurance' as that term is properly used includes a very important and large part of the entire insurance transactions in the United States, including many situations in which a policyholder moves from one state to another. Mr. Layne stated that mail order operations may be the only way for companies to sell, without prohibitive expense, special corps, to ministers, fraternal groups or others who may need a specialized policy. It was also stated that while it might be desirable for everyone to have a full coverage, non-cancellable policy, every person could not afford the cost. This fact should not prevent insurance companies from selling limited policies within the reach of many people so long as the policies, benefits and coverage were truthfully and fairly advertised."

Sen. Langer brought out that possibly 10 or 15% of mail order business belongs to Mr. Layne's association. Mr.

Agricultural Group Attains New Highs

A new record of $19,235,130 of consolidated premiums, increase 11.2%, was reported for 1953 by Agricultural and Empire State. Fire and allied line premiums rose 9.9% and automobile 23.1%.

Consolidated assets reached a new high of $38,917,756, increase 13%. While part of this came from the rearrangement of capital structure, which was concluded advantageously early in the year, a sizable part of the gain came from normal business operations.

A dividend of 40 cents a share was declared by Agricultural payable April 1 to stockholders of record March 15.

Layne estimated that probably as much as 25% of A&H "is not obtained by agents." Gen. Langer contended that state commissioners are "absolutely helpless" in trying to deal with interstate advertising. Mr. Hubbard took issue with this statement and contended that a commissioner can control advertising as well as anything else about the insurance business. Sen. Langer brought out that Mr. Layne's organization and representatives of other mail order groups have met three or four times during the past several years and discussed unauthorized insurance and other matters. Mr. Layne said Mr. Hubbard's organization, American Life Convention, H&A Underwriters Conference, and Bureau of H&A Underwriters, probably have some members who use the mail order technique.

Mr. Layne read a statement in which he reviewed the organization and operation of his association, which has 14 members, federal trade commission mail order trade practice rules, Postoffice Department fraud prosecutions against certain companies, etc. He said association members have cooperated with federal and state agencies concerned with insurance advertising practices. He developed the fact that in 1952 the association requested the FTC for further consideration of scope of the fair trade practice rules and their revisions. That was denied more than a year later.

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Mr. Layne said he was not aware of any complaints concerning advertising practices of his members, but if there are any justified complaints, he assured the committee "the cause will be eliminated promptly." He reviews advertising of his member companies and tries to review generally advertising of non-members. He believed there has been "marked improvement," due in large part to the trade practice conference rules.

The witness discussed at length use of the term "mail order" and what constitutes mail order insurance. Under the FTC definition of mail order, he said, "the fact that the insurance company is or is not licensed by the state in which the policyholder or prospective purchaser is residing is irrelevant." Under this definition, he said is included "a very important and large part of the total insurance transactions in the United States".

He said it "is definitely not true" that mail order companies are licensed only in states lacking effective regulation. Every company is subject to regulation by at least the state in which it is licensed. "Imagined situations," he said, in which policyholders are defrauded because the company is not licensed in the state where the policyholder resides, "do not occur except in isolated cases".

State authority, federal agencies and voluntary efforts of the industry "are doing a good and a progressively better job," Mr. Layne declared. Contending there are a great many "mail order" insurance transactions, he said there is no such identifiable segment of the industry as "mail order insurance."

He said it is not true that so-called mail order companies refuse to become licensed in all states because they desire to avoid regulation. Commenting upon difficulties involved in licensing in a number of states, he said that although National Assn. of Insurance Commissioners has to some extent brought about uniformity in insurance regulation, "there remains a vast field of conflicting statutes enacted by the states which may render it impossible for the company to obtain a license in all states."

Direct selling requires a uniform policy; otherwise advertising would have to be changed in different localities. Direct selling is extensively used for policies designed to cover a limited number of risks, such as hunting accidents, blindness, etc. Mr. Layne defended limited accident or health policies. A "comprehensive, non-cancellable and guaranteed renewable" policy to cover all accidents, health and medical care would be so costly as to be beyond the reach of many people.

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The notion that mail order insurance is unregulated "is wholly fallacious", according to Mr. Layne. It cannot be charged, he insisted, that all mail order companies "are engaged in misleading and deceptive advertising or the production of misleading policy forms". The Defense Department regulations are designed to regulate company practices in sale of insurance to servicemen at military installations.

Continuing, he said: "Most of the members of this association have adopted, without any compulsory legislation, methods by which the policyholder may sue in the courts of his own state in the event he is dissatisfied with the manner in which the company handle claims. A number of the members of this association include in the policy provision authorizing service of process by mail in actions brought under the policy. In other instances members of this association have filed with the commissioner of insurance irrevocable powers of attorney under which the commissioner may accept service of process in cases brought by policyholders in any jurisdiction.

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"There is, moreover, a statute adopted by nearly 30 states which authorizes substituted service of process in these cases. This statute has been sustained by the federal courts and is available to the policyholders residing in a number of states. This association has never opposed this statute so long as it is applied equally to all situations in which a policyholder may find himself in a state in which his insurance company is not licensed. I think any complaint on this basis rests on past history.

"The committee memorandum also notes some administrative actions taken by state insurance departments to circulate information relating to the disadvantages of purchasing so-called 'mail order insurance' or the cooperation of newspapers in refusing to carry advertisements of companies not authorized to do business. No one could oppose the circulation of information by state insurance departments or others which set forth the disadvantages of purchasing advertising on the basis of misleading, deceptive and fraudulent representations.

"The difficulty with the suggestions is that they fail to recognize that many so-called mail order insurance companies are attempting to sell a worthwhile product through wholly honest and descriptive advertising. Circulation of stories that 'mail order insurance' as an industry or as a group is engaged in these practices damages the honest, fair insurer."

Mr. Layne contrasted A&H with life insurance. The former may have any number of losses. There is not much actuarial basis in some instances, in contrast with the life insurance mortality tables. Therefore, there can be no guarantee that A&H premiums will be permanent.

Companies in his association have perhaps $12 million annual premium income, a "very substantial part" of which is life, and coverage may be "hundreds of millions". More than half his members are licensed in more than one state and one company is in 10 or 11 states. Competition in the past has tended to bring all companies "down", but Layne did not believe there is any competition to "deceive the public". The competition is in the policies, coverage, rates, economies, service, etc. Use of fair advertising by all companies, he forecast, ultimately will be reflected in better policies, better costs, etc.

Under questioning by Solicitor Goff, Mr. Layne said there would be no objection to a federal service of process act from his people. His companies do not use local adjusters. He said he knew of no policy on the part of his companies to "settle at the courthouse door".

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Mr. Hubbard said his group is composed of 13 organizations, scope and membership of which he outlined. They receive from members $16 millions and pay back $12 millions in a year, he said. He estimated total mail order premiums at $40 million, compared to over $2 billion total A&H premiums.

Describing his organizations as the "elite" of A&H, Mr. Hubbard said it will be found that group insurers are "giving too much protection for too little money" in event of a depression. Costs of his companies in 1932 "jumped" because claimants "did not want to go back to work".

Questioned about medical examinations, Mr. Hubbard said it would cost more than it would be worth to his companies. O'Brien brought out that if "anybody complains the public buys insurance based on false advertising, can do about it anywhere."

Okays N. C. Fire Rate Reduction

Commissioner Gold of North Carolina has approved fire rate reductions estimated at $1,403,197 annually, the result of a supplemental filing made by North Carolina Fire Insurance Rating Bureau after Mr. Gold disallowed the bureau's proposal for an economic trend factor.

Originally, the bureau proposed reductions amounting to $1,007,000 applying to 11 groups. The supplemental filing added one more group, nonmanufacturing sprinklered risks, and boosted the reduction by nearly $400,000.

The rate changes are effective April 15 but will be applicable to policies issued on and after March 1.

Cincinnati Ins. Co. Has 250% Gain in Premiums

Net premium income of 2½ times the previous year was reported by R. A. Cosbey, general manager at the annual meeting of Cincinnati Ins. Co. The 1953 increase in gross premiums exceeded 28%; the ratio of losses incurred to premiums written was 23.4%. An additional 3,750 shares of stock have been sold at $42, $20 going to capital and $22 to surplus. Capital now stands at $175,000. An initial cash dividend of 50 cents a share was declared for the first six months of 1954, payable to stock of record Feb. 27. H. M. Turner, president, said the company is now licensed in Kentucky as well as Ohio, and said prospects for continued growth are excellent.

Church, Kelton Promoted

Donald Church has been elected vice-president in charge of claims of Insurors Indemnity & Insurance of Tulsa. He has been with the company for 15 years, and has been supervisor of the claim department since he returned from the army in 1946.

Herman Kelton, who has been with Insurors since 1943, has been named manager of th automobile underwriting department.

American of Newark through its field men, G. A. Strasen, state agent, and R. H. Rasmussen, special agent, honored the *Brown County Agency* of Green Bay, Wis. for representing the company 50 years.

Roy C. McCullough, manager of Multiple Peril Rating Org., spoke on new combination policies for home owners recently approved for sale in New York at the meeting of *Casualty & Surety Club of Albany*.

Test Validity of Partial Subscribership

(CONTINUED FROM PAGE 1)

America service on classes other than dwelling, after March 1, effective date of its withdrawal for dwelling classes.

Vice-presidents Ludwig C. Lewis, Bradford Smith, Jr., and H. Richard Heilman of North America were subpoenaed to appear but were not on hand. To this Mr. Kaplan objected, but Mr. Epes argued that the subpoenas were not valid and there was no need for the men to appear.

The subpoenas called for the production at the hearing by North America executives of a large amount of information, data and the like that would support the independent filing on dwellings made by North America. This included items like research, papers showing the origin of the filing, a master plan, and loss and expense figures for these lines and classes for five year, extended coverage 10 years.

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During the early legal maneuvering, Deputy Joseph F. Murphy, hearing officer, over-ruled the motion of North America to vacate the proceedings and reserved decision on the question of whether the subpoenas were valid. He directed NYFIRO to proceed with the case, indicating that if the rating organization was hampered in developing its argument by a lack of information he would direct North America to produce evidence asked by NYFIRO that is in the sole custody of that company.

Mr. Epes argued that the proceedings are void because the notice of hearing fails to refer to the section of the New York insurance law pursuant to which the hearing was called, as *required* by section 22. It fails to set forth the issues to be considered. No section of the New York insurance law gives the NYFIRO a right to request a hearing. NYFIRO is not aggrieved within the meaning of insurance law.

NYFIRO is not authorized or licensed to act as a cooperative association to prevent independent rate filings, to enforce all supposed rights of member insurers or to act as a general policeman of the New York insurance law. It is not a general agent for its members but only a rate making and filing agent.

Even if it were such general agent, the type of aggrievement contemplated by the insurance law is not merely the inconvenience that may arise on insurer as a result of competition on the part of other insurers.

That law is intended to regulate and permit concerted rate making among insurers, which activity limits competition among the parties to the rate making agreement.

The insurance law, however, neither requires an insurer to be a member of the rate making group, nor does it propose to authorize the limitation by the group of competition on the part of insurance outside the group.

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North Amercia has made no independent filing, Mr. Kaplan asserted. They have used scissors and glue to put together what the rating bureau had given them. This he termed common law piracy. The filing is not supported with data. No company could function under this kind of plan, he charged, because it has given no evidence that it has any machinery to make rates.

In questioning Mr. Stanley, he brought out that the rating organization is a large, diverse, and technical operation with 460 employes and a substantial amount of expense, which produces surveys, tariffs, manuals, engineering reports, and the like that are the essence of what is required to produce non-discriminatory rates in the state. The base of these rates, which consist of physical character of communities, fire protection, etc., is constantly changing, and the NYFIRO is, by a great deal of effort, keeping those changes currently reflected in its records and eventually in its rates. NYFIRO publishes 350,000 rate cards a year, makes 50,000 to 75,000 inspections annually and inspected and graded 559 cities under 25,000 in 1953, of which 235 resulted in change in grade.

He brought out that the surveys, tariffs, manuals, etc. are the property of the rating bureau. They are loaned to the insurer. On termination of membership of subscribership, insurer is required to return all of them to NYFIRO.

Mr. Murphy asked, what is the connection between National Board, an advisory organization, and NYFIRO, a rating organization? There is, Mr. Stanley said, a working agreement between the two, with National Board inspecting and grading cities of more than 25,000 population. Is this done exclusively for rating bureaus? Mr. Murphy asked. In its recommendations to cities for improving fire protection, Mr. Stanley replied, the service is public. As to rating data, he understands it is for rating bureaus exclusively and is supplied free.

Has National Board been given a monopoly—an exclusive right to do this for the public? Mr. Murphy asked. It is an informal arrangement, Mr. Stanley replied.

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Mr. Kaplan said NYFIRO intends to show North America will have no such system of rating which would permit it to function. North America has no right to incorporate in its filing, as it did, the town grades of NYFIRO and National Board by reference. North America is not a member of National Board.

The purpose of NYFIRO's system is to make rates that are not unfairly discriminatory. The system has been in operation more than 50 years and in that time it has accumulated a vast amount of data, working papers, reports, etc. and a great deal of know-how.

Dwelling classes make up 34% of premiums and 70% of number of policies in the state.

For one class of business, patent leather works, the premium volume for the latest available five years was $9,000 plus. North America could limit its subscribership to this class by paying 1% of the 1953 assessment rate of NYFIRO of $9,000 and capture all of the services of the rating organization for $90, services which cost $2.5 million a year to produce, and whose data and records would cost perhaps $30 million to replace.

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If other companies followed North America's lead, which they could be expected to do, this would destroy NYFIRO. There would be no body of records or figures on which to base rates. A rate war would develop that would not be in the public interest, and smaller companies would be driven out of business.

Mr. Kaplan brought out in his questioning of Mr. Collins that the rating division had written North America a letter in which it raised a number of questions about the filing. He asked Mr. Collins other questions, which he said were designed to show that the North America filing did not conform to the requirements of the insurance law. It is, he said, the duty of the department to ask North America how the filing is to operate after March 1, what kind of machinery it intends to maintain for inspection, etc.

To many of the questions Mr. Epes objected. His objections generally were sustained by Mr. Murphy and Mr. Kaplan took exceptions.

Mr. Kaplan brought out also that at one time mutuals in Underwriters Rating Board, Albany, had copied NYFIRO rate cards and schedules, and that under the law such use of NYFIRO rates was not permitted. The department asked URB to stop writing this business in question unless it found some method of making its own rates.

Mr. Epes brought out that the state law and NYFIRO constitution and bylaws have been amended since then.

Partial subscribership would result in chaos and confusion in the business, Mr. Barry declared. It would produce conditions under which the Insurance Department could not administer the insurance law. Other companies will follow North America.

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Insurers should be made to make rates in concert, he suggested. The minute one basic precept of the NYFIRO rating system is changed, there is discrimination against every policyholder in the state.

This is so important a matter, Mr. Carson said, that regulatory and other segments of the business should exercise every effort, even court action, to defend the long established rating principles and practices so necessary to the public interest. He said the agent's group may want the privilege of filing a brief.

A letter to Superintendent Bohlinger from President John A. Diemand that was put in the record called attention to the principle of North America that no government should presume to undertake tasks or functions which citizens who fulfill their responsibilities can perform as well or better on their own initiative. The policyholder's interest comes first, and in this way the company can serve the stockholder and agents well. Any redundancy in rate must be given insured.

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"We are not prepared to have these principles and our service to the public subjected to the voting power of dissimilar interests," he wrote.

Hence, he states, the company withdrew authorization for bureau filing of inland marine rates, ended its participation in pools and syndicates which it considers unnecessary, and terminated subscriptions to automobile and dwelling class services which it had purchased. He said the company knows of nothing that precludes it from the privilege of filing for New York Department approval rating plans for these classes.

Under certain circumstances it is permissible under public law 15 for companies to get together and operate by voting power. However, North America is not a member of these rating bodies but did purchase a service. It is inconsistent with public law 15 to continue a service unnecessary to North America. P.L. 15 was intended merely to permit cooperative action where necessary and not intended to compel it in any case.

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Moreover, the rating laws are based upon similar reasoning and guarantee independence of action. A majority of states including New York have in these laws specific provisions that no insurer need become a member or subscriber of a rating organization, and that subscription may be made for any kind of insurance or subdivision or class of risk or a part or combination thereof written by fire or marine insurers.

North America's termination of unnecessary subscriptions and making of independent filings have already been approved in more than 60% of the 40 jurisdictions in which these actions have been taken. In only a few states have there been statutory provisions precluding such action or in which actual disapproval has been given.

Michigan Agents Rally Is Great Success

(CONTINUED FROM PAGE 2)

and betterments form, and the new no-coinsurance U&O form. Extension of term definition to cover mercantile stocks is not yet in Michigan. Mr. Marantette said Western Actuarial Bureau has told the agents this class is unprofitable in the state, mercantile stocks producing a 63% loss ratio.

The Michigan department has been requested to remove the annual renewal plan. The agents were queried on this and Mr. Marantette said the great majority are in favor of its elimination. Action is expected shortly.

Mr. Marantette had some words of warning about agency service. He quoted the address of M. E. Peterson of Springfield F. & M., president of Western Underwriters Assn., at the WUA meeting last fall in which there was a warning on the entrance of direct writers into the fire business. Then there were some quotes from the talk by John North, president of Phoenix of Hartford, before the Louisville board centennial gathering. The agents have to look at the over-all picture, Mr. Marantette said.

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A lot of thought should be given on the part of agents among themselves to the overhead they are passing on to the public. It has to be equalled in service.

Some thoughts on the use of radio advertising by agents were given in a talk by Gale Blocki, Jr., director in the midwest for Broadcast Advertising Bureau, a public relations organization of radio stations and radio networks. He said radio ownership is near 99% in U. S. families and is far closer to blanket distribution of a selling message than TV, newspapers or magazines. It is listened to 124 minutes per day, and this beats seeing TV, reading newspapers or magazines combined. Radio ownership is up 50% since 1948 when TV got started. Because there are several radios in most homes, this selling message can reach all members of the family.

Mr. Blocki illustrated the success several local agents have had using radio advertising, and mentioned that Ohio Farm Bureau tried some broadcasts at Cincinnati that were helpful to the extent of getting inquiries from persons who wanted to work for the company.

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He advised using the right stations, the one which can produce the greatest number of prospects and the right type of prospects. For example, one station may have a wide audience but it is mostly teen-agers who aren't interested in insurance. Business men generally can be reached in the morning before they go to work on stations specializing in music, news, and weather.

The agent should advertise a policy most people can use and be specific about it, he advised. Advertising agencies should write the copy, not the agent. The agent is able to sell face-to-face, but the ad man is trained to sell an unseen audience.

At the second general session there was scheduled a lead off talk by John N. Cosgrove, secretary and director of public relations for American of Newark, but he was unable to attend because of the serious illness of his son. The other two speakers, E. H. O'Connor, managing director of Insurance Economics Society, and Daniel M. Walsh, Jr., of Springfield, Mass., a local agent, talked on compulsory insurance from a standpoint of A&H and automobile, and there were some added remarks by Commissioner Navarre of Michigan. These talks are reported elsewhere in this issue.

The banquet Thursday evening contained only the minimum formalities. The head table group consisted of about 20 persons who were introduced, and Mr. Van Kuiken made one or two brief announcements before the meeting swung into a program of entertainment.

Friday morning was the agents session that was devoted to the question of bureau or non-bureau representation. At the conclusion of this session there was offered by Jack Butterick, assistant secretary, a proposal of the public relations planning committee for a form of agency advertising that would have as its basis the idea of imprinting on the mind of the public the advantages of dealing with local agents and emphasizing the American Agency System.

It is unlikely the average policyholder ever will know what the American Agency System really is, Mr. Butterick said. He asked what the agents send along in their renewal notices that could not be found in those of a direct writer. In other words, the agents are not telling their story if they don't get out to see the policyholders personally, and this is often impossible. He suggested that in each renewal notice there be a short letter sent out by all agents describing in brief the American Agency System. It can be sent time after time so that it would have a cumulative affect.

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Most agents cannot afford to go in for any type of institutional advertising on a large scale. If they advertise, they have to advertise something that will sell policies. The letter idea would be to point out that through the agency system there are benefits not included in a policy or available through direct writers. Mr. Butterick suggested the letter might read substantially in this form:

"Aside from the protection afforded by this policy, it is issued by my office under principles of the American Agency System. I own and operate this agency by commissioned contract and am not the employe of any insurance company.

"The American Agency System means additional benefits to you. As owner of my own business your interest is of first importance. Your coverage and your claims are my concern and not those of a disinterested company employe.

"Beware of 'bargain' insurance; it isn't distributed by representatives of the American Agency System."

Such a letter, Mr. Butterick said, might even create enough interest on the part of a policyholder to forestall a call to the direct writer, and at least give the agent a chance to sell his service before the policy is returned "not wanted." He mentioned there are nearly 1,000 members in the Michigan association, each having an average of 1,000 renewals a year. If only association members participated in the program, one million policyholders would be reached each year. The letter could also be included in routine mail endorsements.

The cost of such a scheme would be negligible; it has the flexibility of allowing the agent to send out a form letter, a personal letter, or printed card or any such mailing, and it could be adopted by the individual agent without regard to other agents.

The Michigan agents have finally won their battle with the Lloyds people on the issue of dry cleaners' insurance, Mr. Hildebrand announced. This has been fought out for many months, but now the Dry Cleaners Assn. members have received a letter saying that Lloyds is about to cancel its policies. Mr. Hildebrand was given a big round of applause for his efforts on this matter.

Joseph A. Navarre, Michigan commissioner, closed the meeting at the luncheon Friday with his address on "The Direction We Face."

Local Agent is Pivot of IAC Discussions

(CONTINUED FROM PAGE 3)

advertising in the insurance papers was to lodge in the mind of the reader the thought that if at any time he were to take on representation of another company, he would consider the company whose advertisement he was reading. Of course, the effect would have to be gained by constantly exposing the changing agency audience to advertisements which reflected an efficient and pleasant company personality.

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Donald Wolff of the *Weekly Underwriter* cited cases to show that when useful leaflets or booklets were offered to readers of insurance journals, readers responded liberally by written inquiries.

He reported that a survey of subscribers to his own paper indicated that 59% of all the agents reading the insurance paper were looking for new company connections.

Walter Riley said American Surety was guided very much by the opinion of field men in choosing insurance business papers to be used. Mr. Bulau, and Al Duncan of Fire Association, use the same method. Mr. Duncan has been sending out questionnaires for checking reading habits of field men and agents and from this gets some background useful in selection.

Mr. Traynor said he wants agents being called upon by representatives of North British to have heard of his company before the company representative walks in. He also wants the agent to have a favorable opinion of the company because it thus becomes easier for the field men to obtain new agents. He keeps specifically in mind in his advertising that aiding special agents to make appointments of good agencies is part of the advertising job in the insurance business paper. He keeps a careful record of inquiries resulting from the advertising and sees that these are sent on to the field men for follow up. Agency appointments do result.

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The group discussion on loss publicity led to a decision to prepare a specific program for obtaining favorable mention of insurance in restoring a community to normal life after a catastrophe. This program is to be prepared by an IAC committee, cleared with its executive committee and then submitted to National Board. This decision came after the disclosure that there had been criticism both among agents and company ranks that for some reason insurance was never credited with the major part it plays in meeting catastrophe losses like conflagrations or wide area windstorms.

Since insurers in paying losses are merely delivering contract promises, it is difficult to get local editors to publicize the restorative contribution of insurance. From a reading of the papers it would appear that the National Red Cross and local charitable impulses accounted for most of the rebuilding activities.

Mr. Richman suggested that the local editors be told how the good citizens of the community, who have purchased insurance, have been themselves the great restorers of prosperity and normal living in the community. It was agreed by the group that this idea provided the basis for making an effective approach for local publicity. It is believed, however, that while the publicity must be placed and handled locally, it will never be effectively done unless direction and guidance is furnished from some central headquarters to the local insurance representatives who are to supply the information to the local editors.

Mr. Taylor said the *Hartford Courant* gave front page space to a story publicizing how the catastrophe committee of the National Board operates when the story was submitted at the time of the Worcester tornado.

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Walter Riley of American Surety cited payment of bank holdup claims as well as embezzlement claims as providing opportunity for gaining favorable publicity.

Charles E. Freeman of the Springfield said there were many good local agents who perform their functions well and build good will for the business and for the companies. Robert Brown of Aetna Life affiliated companies cited the agent who makes a client out of his buyer as one who does not lose his automobile risks or other business to any kind of competition, mutual or otherwise. One of the real problems, however, is the large section of the population without the property or responsibility to provide the good agent with a profitable field for client insurance selling. Too many are prospects only for a small dwelling house policy or an added automobile policy at most.

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At the conclusion of the session on loss publicity, Mr. Richman was asked to explain in more detail the relation of publicity to the buyer of insurance himself. He said that since the major contribution of insurance was to create an atmosphere favorable for free enterprise by the removal of fear it was really the good citizens who bought insurance who made partly possible the whole production dynamics of American economic life, and certainly in any community where catastrophe had struck, it was primarily the good citizen who had bought insurance who really provided the foundation which made it possible for the Red Cross and other citizens of good will to come in and help complete the job. Except for the basic contribution of insurance buyers, the job could not even be undertaken by others in the field.

Trinity Universal Dividend

Trinity Universal of Dallas has declared a 20% stock dividend. This has been effected by transfer of $250,000 from surplus and increases the capital account to $1,500,000. It also brings policyholders surplus to $7,875,000. Assets of the company now exceed $25 million and premiums written in 1953 topped $15 million, a new record.

Mass. Protective Raises Sanders

Charles L. Sanders has been appointed an assistant secretary of Massachusetts Protective and Paul Revere Life. A CPA, he joined the company in 1950 as chief accountant. He is a navy veteran.

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

rice bound for Japan. The suit names 74 underwriters and insurers that participated with Lloyds in issuing four policies on the Armar. The owners claim the ship was so badly damaged it would cost more to repair her than the insurance. The insurers disagree.

The owners are asking $1,200,000 for hull and machinery, $180,000 for freight anticipated during her lay-up, $36,000 in return premiums, and about $100,000 in interest. Dow & Symmers, New York, are counsel for Astra.

Claims Agency Purchase Price Deductible

Cliff Couey of Spokane has sued the federal government in district court there to determine the right of a purchaser of an agency to deduct the cost of part of it as a business expense for income tax purposes. Mr. Couey claims he is entitled to $1,374 plus interest on tax refund from three years, 1948-50. The purchase was in installments to be paid out of earnings. The Coueys claim they are entitled to deduct the payments.

International A&H Assn. Brass Hear Optimistic Words on Compulsory Bills

The state legislative picture on compulsory disability insurance bills will be as bad in 1954 as it was in 1953, E. H. O'Connor, managing director of Insurance Economics Society, warned a joint meeting of the committee and the past president's advisory council of International Assn. of A & H Underwriters at their meeting in Chicago.

In 1953, 33 bills were introduced in 11 states. A similar proportion of new bills this year when 14 state legislatures will be in session can be expected, according to Mr. O'Connor. None of the 33 was passed in 1953, and he anticipates none getting through in 1954. Since the adoption of the compulsory health law in 1949 in New York, no new state has passed such legislation, Mr. O'Connor pointed out.

Other subjects of discussion were a criticism that the International is spending too much time on the Disability Insurance Sales Course and its monthly publication, *A&H Underwriter*, and not enough on purely organizational work to increase membership.

Consensus of the committee was that while more organizational work is needed, both the DISC and the magazine are too important financially for attention to them to be lessened.

The committees also gave support to a suggestion by President Thomas Callahan, Time, Milwaukee, that the association sponsor a "Membership Monday" campaign, a day on which all local association membership committees would put on a drive for new members. Prizes would be offered.

Utah Postpones Hearing on Higher Fire Rates

SALT LAKE CITY—The Utah Business Regulation Commission has postponed indefinitely hearings on proposed fire insurance rate increases.

The adjournment followed a motion to put premium deductions into effect April 1 but holding up proposed increases in other classifications.

The commission took the motion under advisement. But it said it might rule on the motion before the hearing is resumed. This brought the objection of the Pacific Fire Rating Bureau and its Utah agency, which has made the proposed rate changes.

Under the new rate schedules, premiums on mercantile buildings would increase by 20%. Rates on merchandise contents would increase 10%. Rates on residences would drop 15.3%. Rates on farm buildings would decrease by 12%.

Officials of the Utah bureau, headed by Harold S. Morr, said the net effect of the changes would be a savings of $96,000 annually for Utah insurers.

Bert W. Leavitt, general counsel for the Pacific Fire Rating Bureau, and Al W. Gilbert, general manager of the Pacific bureau, during the hearing presented premium-expense loss ratio figures. They said the figures show that under the new schedules 2.6% of premium income would be available for profit.

But they added that if only the rate increases were allowed, only .6 of 1% of premium income would be available as profit.

They contended that state insurance commissions generally have recognized 6% of premium income as reasonable profit.

S. C. Plans to Increase Its Capital by $115,000

South Carolina of the Seibels, Bruce & Co. group has called a stockholders meeting March 24 to act on a recommendation to increase capital from $1 million on 100,000 shares to $1,150,000 on 115,000 shares.

Disability Laws Cause Much Talk, Little Action

Proposals for cash sickness or temporary disability acts are being strongly opposed in Arizona, Massachusetts and Michigan. The benefits were liberalized in a bill recently signed in New York and legislation is pending in New Jersey to increase benefits. One New Jersey bill would increase payments from $30 to $40 plus $3 weekly for each dependent up to three and another would raise benefits to $50 weekly plus $5 a dependent up to four.

Michigan lawmakers showed little enthusiasm for the proposal there to enact temporary disability insurance and similar coolness was evidenced in Massachusetts for the sixth straight year. In Arizona the legislation is expected to be reacted as it has been in the past.

Such bills are expected to be widely introduced next year when 44 state legislatures will convene for regular sessions. In 1953 disability insurance bills were introduced in 11 states, but none was enacted. However, Minnesota is making a legislative survey of the proposal.

The rapid spread of voluntary disability programs has been one factor in the coolness of lawmakers toward compulsory laws of this type.

A&H Policies Keep Up With the Times: Nowak

Companies in the A&H field have kept up with changing conditions by removing restrictions and adding new benefits, L. Edward Nowak told examiners of the New York insurance department at the in-service training course. This is shown in the demand for compulsory cash sickness allowances, he said.

He described the types of disability coverage, calculation of reserves, the reserve against assessments for the sick unemployed and related matters, and traced the development of regulation of maternity benefits by the state.

FTC Prober Denies Plan to Issue A&H Consumer's Guide

WASHINGTON—Robert Sills, special attorney handling the federal trade commission's A&H investigation, has denied published reports that the FTC plans to issue a "consumer's guide" type of report on A&H insurance.

However, insurance industry representatives are not entirely convinced that there won't be something of the sort, even though it may not be in the technical sense a consumer's guide. Insurance people have been told on apparently reliable authority that there will be a report by FTC listing "good" companies and "bad" companies or good policies and bad policies or good advertising and bad advertising.

There is, of course, the possibility that the reaction of the insurance industry to the idea of issuing a consumer's guide caused the FTC to change its mind. It has been pointed out that it was understood that information supplied by A&H insurers in the current investigation was to be held confidential as respects individual companies unless there appeared to be violation of law, in which case FTC would feel free to issue a formal complaint or go to court.

Consequently, publication of detailed data about individual companies, their advertising and their policies, in consumer's guide, directory, or "telephone book" type of report would be regarded by the business as violating confidence. There is also the problem of such manuals being outdated by changes in company practice, in policies, or in advertising.

Good Year for Trust Fund of Insurance Securities

Trust Fund sponsored by insurance Securities, Inc. of Oakland, Cal., which holds insurance stocks exclusively, had net distributable funds credited for reinvestment of $2,633,384 at year end. There was appreciation on investments of $2,456,387, an increase of $96,278. Maturities and withdrawals were $4,694,387. Total distribution to investors was $2,656,466.

Liquidating value was $87,560,326, increase 28.8%. The portfolio includes 54 stocks and 1,723,262 shares. The market value of shares at year-end was $86,925,643; they had cost $67,847,912. Fourteen companies in the portfolio showed increases in dividends averaging 13.45%.

Whitaker, Forward Form Own Adjusting Firm in Cal.

Philip D. Whitaker and Winston Forward have opened Whitaker & Forward Adjustment firm of Los Angeles at 704 South Spring street. Mr. Whitaker was formerly claims manager in Los Angeles for Providence Washington, and Mr. Forward was staff adjuster for Phoenix of London in that city.

Founders Reports Progress

Founders of Los Angeles recorded an underwriting profit in 1953, the first in some time. The amount was $250,731, and is contrasted with a loss in 1952 of $439,595. Earned premiums were $6,208,967, an increase of $265,385. At year end, assets were $7,687,249, an increase of $250,000, and surplus to policyholders went up $450,000 to $2,278,380. Combined operating ratio for 1953 was 97.6 as contrasted with 107.3 in 1952 and 117.1 in 1951.

Phoenix Group Shows Gains, Promotes Russell Viering

Underwriting results of the Phoenix of Hartford group were poorer in 1953 than the previous year but there was a decided improvement over 1951. Net premiums increased during the past 10 years $76,598,000. On a consolidated basis, the group paid taxes amounting to $3.46 a share and $3.40 a share was paid to stockholders. Gains for the year were $4,261,000 before federal taxes and assets of the group increased to $174,176,641. This was Phoenix's 100th stockholders meeting.

Russell W. Viering

Russell W. Viering was named secretary and legal counsel at the meeting. He formerly was with Day, Berry & Howard law offices at Hartford and after army service joined Phoenix group as an attorney and was named assistant secretary and legal counsel in 1951.

More Speakers on LIAMA A&H Card

In addition to speakers already announced for LIAMA's A&H conference March 17-19 at Chicago, the following will be on the program:

Wednesday afternoon: Ralph H. Blanchard, professor of insurance at Columbia University, and Charles J. Zimmerman, LIAMA managing director.

Thursday afternoon: Frank Vesser, vice-president of General American; Leon L. Tracy, assistant director of A&H sales Prudential, who will talk on integrating A&H training and sales into a life company, and L. J. Melby, agency vice-president of Woodmen Central, whose subject is home office motivation and supervision of managers.

Thursday evening: Discussion of problems encountered by the company that takes on A&H, led by Ardell T. Everett, 2nd vice-president Prudential; Paul A. Parker, agency director Old Line Life; Walter F. Schmitz, associate superintendent A&H department Occidential of California, and Harry J. Shaffer, 2nd vice-president and manager of agencies Lincoln National.

General Accident Names Two Chief Accountants

General Accident and Potomac have appointed J. Francis Stepp and John B. Walsh chief accountants.

Mr. Stepp joined General Accident in 1946 in the premium collection division of the accounts department.

Mr. Walsh began his accounting career in Ireland. Coming to the U. S. in 1927, he went with Gulf Refining Co., entering insurance in 1943 with the accounts department of General Accident group.

Triples Steam Boiler Coverage

The Pontiac, Mich., board of education has voted to triple insurance on its steam boilers, awarding the contract to Pontiac Assn. of Insurance Agents despite the fact that the association's bid of $3,502 was more than $400 higher than that of a competitor.